

FINANCIAL TIMES

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Troubles deepen for Euro Disney and Club Med

Troubles deepened yesterday for two French leisure groups. Euro Disney's auditors warned of closure unless the company persuades its banks to restructure its finances, while Club Med announced a loss of FF280m (\$49.3m) against net profits of FF161m the previous year. Euro Disney, which last month reported a net loss of FF5.3bn (\$900m), is trying to negotiate a financial rescue package with 50 international banks. Its net debt totals FF20.3bn. Page 11; World stocks, Page 28

Bank of Canada governor John Crow, 56, one of the industrial world's most ardent inflation fighters, will not seek another term in office when his first seven-year stint expires next month. He cited "personal reasons". Page 10

Japanese finance ministry's index of large companies' business confidence hit a record low of minus 21.5 between September and December, down from 18.6 the previous quarter. Page 3

Castro's daughter granted asylum: Alina Fernandez Revuelta, daughter of Cuban president Fidel Castro, has left Cuba and been granted political asylum in the United States. The long-time critic of her father's revolution travelled to Spain on Monday and flew to Atlanta on Tuesday after her asylum request was granted.

South Africa votes South Africa's last white parliament voted by 237 to 45 to adopt an interim constitution leading to majority rule after all-race elections next April.

Tapie investigated over suspected fraud:



French politician and businessman Bernard Tapie was formally put under investigation in connection with suspected business fraud. The Marseille football club chief had his parliamentary immunity from prosecution lifted on December 17 so that he could be questioned about alleged financial irregularities at the Testut weighing machine company, which belongs to his holding company, Bernard Tapie Finance. Page 2

Wal-Mart, one of the two biggest gun-sellers in the US, is to stop stocking handguns at its discount retail stores from next February. The retailer said its decision reflected unease among customers. Page 10

Car investment for UK: General Motors of the US is to modernise its Vauxhall assembly plant at Luton, south-east England, at a cost of about £130m (\$190m). The Luton plant is now GM's lowest-cost European assembly facility for production of the Vectra/Cavalier family car, ahead of plants in Belgium and Germany. Page 11; Car industry confronts price 'fantasy', Page 2

Faultlines in Franco-German unity

The moment of truth for Europe's exchange rate mechanism came on Friday July 30 at a secret meeting of French and German ministers and officials in Paris. David Marsh tells the story on Page 4

Two shot as talks go on: Arab gunmen shot dead two Jews in the West Bank as Israeli and PLO negotiators met in France to try to break a deadlock over the start of Palestinian self-rule. Page 3

Steel deal approved: EU research ministers formally approved a steel restructuring deal after Denmark and Britain withdrew minor objections. The deal had already been agreed in principle.

Ukraine inflation warning: Monthly inflation in Ukraine could soar to 90 per cent this month from 74 per cent in November unless monetary and credit policies were tightened, Victor Yushchenko, head of the country's central bank said.

Tanzania refugee plea: British charity Oxfam called for an international effort to save 40,000 refugees stranded in Tanzania after fleeing tribal violence in neighbouring Burundi.

Mortar kills 4 in Afghanistan: At least four people died and more than 30 were wounded when a mortar bomb hit a Kabul shopping street.

Fiesta timer: Villagers in Campello, north of the Spanish Mediterranean resort of Alicante, celebrated winning first prize in El Gordo, the lottery with prizes totalling Ptas150bn (\$1.1bn).

| STOCK MARKET INDICES | | STERLING | |
|-----------------------|---------------------|---------------------|-----------------|
| FT-SE 100 | 3,355.7 (+13.3) | New York, lunchtime | |
| Yield | 3.51 | \$ | 1.4875 |
| FT-SE Euroshare 100 | 1,451.84 (+9.61) | London | |
| FT-A 100 Share | 1,831.09 (+0.4%) | | |
| 10-year | 17,445.74 (+130.31) | DM | 2.545 (2.5425) |
| New York, lunchtime | | FF | 8.6925 (8.69) |
| Dow Jones Ind. Ave. | 3,750.73 (+5.55) | SFF | 2.15 (2.18) |
| S&P Composite | 466.49 (+0.19) | £ Index | 81.4 (same) |
| US LUNCHTIME RATES | | DOLLAR | |
| Federal Funds | 3.5% | New York, lunchtime | |
| 3-mo Treas. Bds Yld | 3.11% | DM | 1.704 |
| Long Bond | 9.91 | FF | 5.894 |
| Yield | 8.29% | SFF | 1.4385 |
| LONDON MONEY | | Y | 110.57 |
| 3-mo Interbank | 5.5% | London | |
| Life long gilt future | Dec 120 (Dec 120.3) | DM | 1.702 |
| NORTH SEA OIL (Argus) | | FF | 5.795 (5.8125) |
| Brent 15 day Feb | \$13.7 (+1.3) | SFF | 1.4375 (1.451) |
| Gold | | Y | 110.55 (111.05) |
| New York, COMEX (Dec) | \$386.0 (387.9) | DM | 200 |
| London | \$386.2 (386.4) | FF | 1,000 |
| | | £ Index | 67.0 (67.2) |
| | | Tokyo, close | Y 111.3 |

GE-led bid wins battle for Nuovo Pignone

By Haig Simonian in Milan

The Italian government is selling a controlling stake in Nuovo Pignone, the gas turbines and compressors group, to a consortium led by General Electric and including two other US companies, Dresser Industries and Ingersoll-Rand.

The sale represents a significant political move by the Italian government, which has favoured a US partner over European candidates in its first big industrial privatisation. Both GE-Alstom, the Anglo-French engineering group, and ABB-Alfas Copco also bid for Nuovo Pignone.

The deal values the 69.3 per cent of Nuovo Pignone being sold by the Eni state holding company at about L1,100bn (\$69bn). The figure represents about L700bn for the equity and about L400bn in debt transfers.

Nuovo Pignone, which specialises in low-powered turbines and compressors for the energy and chemicals industries, made net profits of L36.7bn on sales of L1,977bn last year. The L1,000 a share bid is a significant premium for Nuovo Pignone's minority shareholders compared with Tuesday's pre-suspension closing price in Milan of L6.268.

Announcement of the deal, which had been under negotiation for more than a year, was greeted by demonstrations by employees, who took to the streets of Florence in protest.

The company's works council said the sale to GE represented "the worst solution", while Mr Giorgio Morales, the city's mayor, expressed concern about the inclusion of one of Nuovo Pignone's biggest rivals in the consortium.

Union leaders fear the sale could result in Nuovo Pignone losing its independence and suffering redundancies among its 2,600 strong workforce. Some politicians have also expressed con-

cern about Italian state companies falling prey to cash-rich foreign predators under the privatisation programme.

Political concern to limit such fears and possible union opposition explains the deal's complex structure. GE, always the most likely to win, will take only 25 per cent of Nuovo Pignone.

A further 20 per cent will be held by six Italian banks. Some observers believe the banks will eventually sell their stakes, of 2 per cent to 4 per cent each, to GE once the political heat over the deal dies down.

The surprise, however, was that Dresser Industries and Ingersoll-Rand, two other US turbine or oil industry specialists, are taking 12 per cent each. The two companies bid in tandem for Nuovo Pignone and may have decided to join forces with GE when it became clear their offer would prove unsuccessful.

A GE victory had seemed virtually certain from September 1992, when Rome first announced plans to sell Nuovo Pignone. The company has co-operated with GE for more than three decades, and the two have numerous cross-licensing deals. Nuovo Pignone has used GE technology in its larger turbines, and the US group has taken up ideas from the Italian producer for lower-powered units.

As expected, Eni will retain a significant stake of 20.25 per cent, reflecting the continuing interlocking interests between the two. Much of Nuovo Pignone's business has come from Eni contracts. The current order book partly reflects a massive deal, worth about \$1.6bn, to upgrade the trans-Siberian gas pipeline negotiated by Eni with the Russian government last year and for which Italian export credit insurance cover has recently been approved.

Lex, Page 10

Paramount board shifts to QVC but battle continues

By Martin Dickson in New York

The board of entertainment group Paramount Communications was reported yesterday to have recommended that shareholders accept a hostile \$10bn bid from television shopping channel QVC Network rather than a friendly but lower offer from cable company Viacom.

The move - reported late in the morning by executives involved in the fight - would represent a big psychological shift in the three-month-old battle for Paramount, since until now the board had shunned QVC's advances and insisted that a merger with Viacom offered better long-term benefits. But it would not spell the end of the tortuous fight since each bidder still has a 10-day period in which it can increase the value of its offer and shareholders are free to accept whichever proposal they want.

Viacom was understood to be seeking finance for a higher offer yesterday from other companies which have backed its bid, such as Nynex, the regional telephone company serving the Northeastern US, and Blockbuster Entertainment, the video rental chain.

No immediate comment was available from Paramount, but its shares were suspended at \$80, up 5%, pending an announcement later yesterday.

The board's action follows a ruling by the Delaware Supreme Court that the company must create a level playing field for both the Viacom and QVC offers.

Paramount agreed to auction itself off and set a deadline of last Monday for offers.

QVC increased the value of its cash offer for 51 per cent of Paramount's shares from \$90 to \$92, while Viacom resubmitted its existing cash offer, worth \$85 a share. Both bidders are offering stock for the remaining 49 per cent, and based on their fluctuating share prices, QVC's entire bid was worth around \$10bn, or 83% a share, yesterday morning, compared to Viacom's \$9.6bn, or 77% a share. After deliberating for much of Tuesday and yesterday morning, the Paramount board evidently voted to recommend the QVC offer.

Analysts said it had little choice, since QVC's offer was markedly higher and the board was under close legal scrutiny to ensure it did not unfairly favour Viacom. Viacom is understood to have asked Paramount for more time to finance a higher bid. This suggests it could be facing difficulties in raising funds, or is simply involved in protracted negotiations with its partners over the terms of additional funding.

Christmas truce agreed in war-torn Bosnia



Serbian leader Slobodan Milosevic arrives in Brussels for talks which failed to achieve a long-term peace agreement for Bosnia.

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'No Sinn Féin talks without end to violence'

By David Owen in London, Tim Cooney in Dublin and our Belfast Correspondent

Mr John Major and Mr Albert Reynolds, the British and Irish prime ministers, yesterday ruled out negotiations with Sinn Féin, political wing of the Irish Republican Army, until the IRA ends its armed campaign.

But in its third statement in consecutive days, Sinn Féin redoubled its efforts to drive a wedge between London and Dublin, accusing the two governments of making "contradictory statements" about last week's Downing Street Declaration.

The charge from the IRA's political wing came as President Bill Clinton appeared to dangle a new carrot in front of it by hinting he might lift a ban on Mr Gerry Adams, the Sinn Féin president, entering the US in return for a positive response to the Major-Reynolds initiative.

The British prime minister used a surprise visit to Belfast to tell Republican leaders: "There is a gauntlet down on the table. It is marked peace. It is there for Sinn Féin to pick it up." He added: "The joint declaration is perfectly clear. There is no need for fresh negotiations. There is no need for any indecisiveness."

If Mr Adams wanted clarification, he should stop the violence and wait for a brief period. Then the question he wanted answered would be answered. Accusing Sinn Féin of "delaying tactics", Mr Major warned that London was not prepared to wait indefinitely for a positive response to the peace initiative. "I don't think one can be strung along for ever," he said.

Mr Reynolds echoed Mr Major's line in telling the Irish senate the "next stage" of negotiations with Sinn Féin could only come after peace "has first been established." But the Irish prime minister took a more emotive tack in pledging "an enlightened and pragmatic approach" in subsequent talks to resolve a "difficult" security issues. A "balanced" approach would be essential, he said.

In a further hint at flexibility, he said the Republic's broadcasting ban on Sinn Féin, would be reviewed "in-depth" on January 19. Mr Peter Brooke, the UK's national heritage secretary, is expected to report to Mr Major on a review of similar British restrictions at about the same

Continued on Page 10

Reformer Gaidar to stay at helm, Yeltsin pledges

By John Lloyd in Moscow

Russian president Boris Yeltsin said Mr Yegor Gaidar, the first deputy prime minister and the man most closely associated with economic reform, would stay in government.

Mr Yeltsin suggested that reform might take a different course after the setback for the reformist parties in recent parliamentary elections.

Addressing a Kremlin press conference, he said the "volume of social benefits" available to the population was likely to increase if inflation continued its downward trend.

Inflation for November is down under 15 per cent monthly, although financial experts in Moscow believe that trend may

only be temporary.

It is clear that the Russian government and the international financial institutions will now put greater emphasis on the social dimension of the reform programme. The International Monetary Fund, criticised over the past week by Mr Al Gore, the US vice-president, and Mr Andrei Kozirev, the Russian foreign minister, for its insensitivity to Russian hardships, has said it will send a team to Moscow in January to help design a social security system.

However, the Fund and the US Treasury have indicated that the basic troubles of the Russian economy - high inflation and a huge budget deficit - have to be tackled if the economy is to be pulled out of crisis.

Mr Yeltsin said the surge in support for the extreme right Liberal Democrats of Mr Vladimir Zhirinovskiy and the Communist

party reflected a weariness with hardship. His comments will be hard to reconcile with the need to restructure a swollen state sector and to control expenditure.

The Russian president emphasised the referendum vote for a new constitution, saying that, when extremist political forces were strengthening, it was all the more important that a constitution guaranteeing a powerful presidency was in place.

He said that the direction of foreign policy - the prerogative of the president - would remain basically unchanged.

He played down the threat posed by Mr Zhirinovskiy, saying he would "not let him walk over me" to take the presidency. At the same time, he expressed his readiness to work with the Liberal Democrats and the Communists if they showed themselves

Continued on Page 10

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Prague awaits its spring chicken

هكذا من الامر

Bombay scam puts minister under threat

By Stefan Wagstyl in New Delhi, Nikhil Tait in Sydney and Alexander Nisoff in London

India's health minister was under pressure from the opposition to resign yesterday after being heavily criticised in a parliamentary report on the Rs500m Bombay securities market scandal.

The report, published on Tuesday, said Mr B. Shankaranand, when oil minister and chairman of the Oil India Development Board, a state enterprise, had violated prudential norms in his personal supervision of the board's investments. The board deposited Rs2,000m with investment companies which have since defaulted on repayments.

The joint parliamentary committee's report was a comprehensive indictment of India's financial system, including the ministry of finance, the Reserve Bank of India (the central bank), stockbrokers and commercial banks, particularly foreign banks.

It urged the government to suspend the banking licences of ANZ Grindlays of Australia, Standard Chartered Bank of the UK, and Citibank and Bank of America of the US.

Standard Chartered, which suffered a \$305m loss from the scam, said it was "surprised and disappointed" by the report's conclusion that foreign banks originated the scam and were the "biggest players". "We would strongly dispute that," a spokesman in London said, adding that the contention was at odds with the evidence laid out in the report itself.

The spokesman said: "It would be very unjust for foreign banks to be singled out for possible stringent penalties unless similar action is taken against Indian banks which are proved to have been involved in similar irregularities."

Yesterday, shares in Australia and New Zealand Banking Corporation, the Melbourne-based institution whose ANZ Grindlays operation was one of four foreign banks slammed by

the committee, fell about 2 per cent.

Mr Don Mercer, ANZ's chief executive, said it was difficult to comment without having seen the report, but added: "Early indications are that it contains no new material". He said the bank was concerned by "the apparent implication that foreign banks from local banks in relation to market practices at the time".

Citibank's Bombay office said it now complied with all internal and external regulatory requirements.

The Indian parliament will debate the report today. The Bharatiya Janata Party, the right-wing Hindu opposition party, urged the government to take action against Mr Shankaranand.

In Bombay, India's commercial capital, reaction to the report was muted. Commercial bankers said the central bank would be under pressure sooner or later to respond to the report, which condemned it for lax supervision of the markets.

On the Bombay Stock Exchange, there was no trading for a seventh day because of a strike by brokers protesting against a planned clampdown on forward trading by the Securities and Exchange Board of India, the markets watchdog.

A senior BSE official said the exchange would follow up the criticisms made in the parliamentary report. MPs reserved some of their toughest comments for the stock market which they said was riddled by insider trading, poor transparency and routine flouting of regulations.

The parliamentary committee spent over a year investigating the affair, which erupted in April 1992 when evidence emerged that money was being illegally siphoned out of banks and into the stock market. The scandal resulted in a cabinet minister's resignation and the arrest of leading businessmen and brokers.



Cheerful: President F.W. de Klerk (left) smiles at the final session of the whites-only House of Assembly in Cape Town. With him are Prison Minister Adriaan Vlok and Defence and Justice Minister Kobi Coetzee (right).

Deadlock remains over attempt to draw black and white right wing into constitutional process

South African MPs vote to end minority rule

By Patti Waldmeir in Cape Town

The South African parliament yesterday voted formally to end three centuries of white minority rule, adopting a non-racial constitution despite opposition from black and white right-wing groups.

Cries of "traitor" broke out from the parliamentary seats of the ultra-right Conservative Party, while independent legislators who support the African National Congress shouted "amandla", or power, foreshadowing the bitter political battles to be fought before next April's multi-racial elections.

Though negotiators from the government, the ANC and the right-wing parties managed to avoid a permanent rupture when last minute talks ended on the eve of the vote, their negotiations remain at an impasse. In three days of intensive talks this week, no substantive progress was made to persuade the right wing to accept the transition to majority rule. The negotiators' main achievement was to open the door to continued talks, with a new deadline of January 24 for agreeing amendments to the constitution passed yesterday in parliament.

"The process never ends," government chief negotiator Roelf Meyer said at the literal and metaphorical midnight hour when the deadline passed for amending the constitution before yesterday's vote. Indeed, the process has not ended: negotiators

from the Freedom Alliance, the right wing umbrella group, will take a proposal to their principals to allow talks to resume in the new year. But that proposal covers only the process, not the substance of a deal: it would commit the Alliance to participate in elections and the Transitional Executive Council, if their constitutional demands were met. But it goes no way toward dealing with the substance of those demands.

While the Inkatha Freedom Party, one of the most important Alliance members, has reached a measure of agreement with the government on amending the constitution to increase the powers of regions, less common ground seems to exist with the ANC. With the balance of power having decisively shifted toward the ANC after adoption of what is close to a majority rule constitution, no deal can be done with the Freedom Alliance unless the ANC supports it.

Some political analysts doubt the ANC's bona fides in seeking a deal with Inkatha. It seems more committed to placating the white right wing. There is no doubt that further delay acts to the short-term political advantage of the ANC and the government, whose election campaign plans are well advanced, and to the detriment of those parties who formally enter the race at a later stage (parties must lodge election lists in February).

The ANC and the government are apparently hoping the delay will further strain the Freedom Alliance, and

cause it to split - the best possible outcome for them as politicians. But if, as the rhetoric from both sides suggests, they are also keen to act as statesmen and ensure an all-inclusive constitutional settlement, their tactics of brinkmanship and ultimatums may yet backfire. Chief Mangosuthu Buthezi of Inkatha is unpredictable at the best of times, never more so than when his back is against the wall.

Many ANC and government negotiators seem strangely unconcerned by Chief Buthezi's ability to disrupt the election, if he finally decides to boycott it. ANC officials worry more about the threat from the white right wing, especially the Conservative Party and the paramilitary Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement) - but they were not concerned enough to ensure that constitutional amendments on Afrikaner self-determination went into the constitution, to give effect to an important ANC/right wing declaration of intent on an Afrikaner homeland. That deal was to have been signed on Tuesday, but it fell apart when the broader right wing talks failed.

Some ANC negotiators say they believe that Inkatha and much of the white right will participate in elections, whether or not their constitutional concerns are met, and that it is not worth giving away too much to two parties who have no realistic option but to fight elections anyway.

Mortification of a mighty Miti mandarin

By Robert Thomson in Tokyo

Japan's coalition government won a showdown against the powerful bureaucracy yesterday, when a senior official of the Ministry of International Trade and Industry resigned after prematurely promoting a colleague to enhance his curriculum vitae.

The defeat of the mighty Miti echoed around the streets of Kasumigaseki, Tokyo's bureaucratic district, where officials of other ministries saw the government's action

as an encroachment on their traditional territory and an attack on their reputation.

Mr Masahisa Naito, director-general of Miti's industrial policy bureau, admitted that he had erred by promoting his colleague, who became an unsuccessful candidate for the Liberal Democratic party, but thought that the offence did not warrant his resignation.

He was urged by other bureaucrats to hold out against the resignation demand by Mr Hiroshi Kumagai, the Miti minister, but Mr

Naito apparently sensed that public opinion was running against the bureaucrats and their political partisanship.

"I wouldn't say that Mr Naito broke the law, but if you were asked whether his behaviour was appropriate or inappropriate, then you couldn't say it was appropriate," Mr Kumagai said.

The outcome was also a victory for Mr Ichiro Ozawa, the powerbroker who pulled together the coalition and who is close to Mr Kumagai. In recent weeks, Mr Ozawa has

complained about the lingering influence of the LDP, now in opposition for the first time in four decades, at Miti and other ministries.

However, it is unclear whether the attacks on the bureaucracy's power will continue or whether the government will just target officials with close LDP ties, which, in the past, were important for the ministries.

Japan's bureaucrats believe that they have run the country since the end of the war, as the LDP routinely changed

ministries every year, meaning that few had the time to master their ministries and left most of the important decisions to senior officials.

Miti officials complained yesterday that the campaign against Mr Naito came as the coalition government is increasingly fragile and another election is imminent. The Naito case, they say, has undermined the stability of the bureaucracy without ensuring longer-term changes in the relationship between politician and ministry.

Business confidence plummets

By William Dawkins

The Japanese finance ministry's index of large companies' business confidence hit a record low of minus 21.8 in the quarter from September to December, down from 18.6 in the previous three month period.

But medium sized companies and service industries reported a slight improvement, offering a glimmer of hope for Japan's embattled government, whose popularity is starting to suffer from its failure to tackle the recession.

A majority of the sample of just over 11,000 businesses thought conditions would improve in the next few months.

Corporate profits in the three months to the end of September fell by 21.6 per cent from the same period a year earlier, declining for a record 13 quarters running, said the ministry.

However, the problems ahead were underlined yesterday by the latest poor statistics from the car industry, confirming heavy surplus capacity. The Japan Automobile Manufacturers' Association estimated that production in the first 11 months of the year reached 10.4m vehicles, down 9.5 per cent on the same period in 1992.

Jama believes output for the year will reach 11.2m units, which compares with maximum production of 13.2m vehicles. Output in November fell 12 per cent against 1992.



Hosokawa: support slipping

has achieved political reform, the only task on which its members more or less agree, believes Mr Jeff Young, political analyst at Salomon Brothers Asia.

NEWS IN BRIEF

Patten to discuss HK with Major

Mr Chris Patten, governor of Hong Kong, will meet Mr John Major, UK prime minister, in Britain next month, Louise Lucas writes from Hong Kong. He will also give evidence to the foreign affairs select committee. The announcement comes after a week of worsening Sino-British relations, precipitated by Mr Patten's tabling of a partial reform bill aimed at extending democracy in the colony. China has accused Britain of violating agreements reached between the two countries and of ending negotiations by going ahead with the legislation without Chinese approval.

French spending declines

French consumer spending on manufactured goods fell by 1.6 per cent last month, according to figures published yesterday by Insee, the state statistics institute. Alice Rawsthorne writes from Paris. The November fall followed a reduction of 1.2 per cent in October and underlines the pressures on the economy in France where consumer confidence has been depressed by high real interest rates and rising unemployment.

Caracas bomb case ends

An appeals judge has thrown out charges against a businessman accused of masterminding a scheme to set off bombs and speculate on Venezuela's financial markets in the ensuing panic, AP reports from Caracas. Thor Halvorsen, 50, former telephone company president linked to international anti-drug efforts, was freed from jail after the judge found insufficient evidence to uphold charges of homicide, property damage and intimidation.

Grundig repays subsidies

Grundig-Austria has repaid Schöf (23.7m) of subsidies totalling \$100m from the city of Vienna, following a decision on Monday by European Union foreign ministers to withdraw tariff concessions on imports from the Austrian company. The decision affects General Motors' Austrian plant which faces punitive tariffs on its imports in EU countries of cylinder heads and gear boxes.

Hosokawa's star begins to fade as coalition looks vulnerable

By William Dawkins in Tokyo

Support for the cabinet of prime minister Morihiro Hosokawa has plummeted by 10 percentage points over the past month to 60 per cent, according to a survey yesterday by the Asahi Shimbun daily newspaper. Formerly, Mr Hosokawa was the most popular prime minister since the second world war.

The survey's publication coincided with a fresh split in the Social Democrats, the largest party in the coalition, which appears to be preparing to divide into two parties with uncertain allegiances.

In an attempt to restore flagging public confidence, Mr Hosokawa plans to announce tomorrow an outline plan to

stimulate the economy, said government officials. An economic package was embarrassingly shelved earlier this month due to splits in the seven-party coalition and opposition from the conservative finance ministry.

Mr Hosokawa also intends to apologise for failing his election pledge to pass plans to reform Japan's corruption-prone political system by the end of the year, said officials. Delaying tactics by the opposition Liberal Democratic party forced Hosokawa to extend the parliamentary session to January 23.

Yesterday's poll confirms that the government's popularity is firmly in decline, first indicated in a survey two

weeks ago. The change of fortunes occurred soon after the government outmanoeuvred the LDP last month to ram the political reform bills through the lower house.

The LDP, which ran Japan for 35 years until Mr Hosokawa's arrival last summer, counter-attacked by impeding the plans in the upper house and by putting pressure on the government to switch its attention from reform to the economy.

To make matters worse, the government's powerful backroom negotiator, has temporarily taken a back seat. Associates say Mr Ozawa is recuperating from exhaustion and influenza, rather than plotting his next political move, as speculated

by the popular press.

A further sign of the coalition's fragility emerged yesterday with the formation of a 40-strong study group of moderate and right wing members of the Social Democratic Party, the coalition's largest and most troublesome member.

Previously, study groups like this have been precursors to factions or new parties. This group, called the Democrats, is understood to be seeking members from other parties, including the LDP.

The SDP's recent ability to overcome left wing members' opposition to opening the rice market indicates that it values power enough to control internal differences. But the study group is a sign that the coalition will not last long once it

Japan urged to open up pension fund investment

By Emiko Terazono in Tokyo

European and US fund managers are increasing their calls for Japan's ministry of finance to open investment of the country's vast state pension funds to asset management companies.

Pressure from the US forced the ministry to liberalise partially fund management of corporate pensions and mutual aid associations in 1990.

However, the ¥20,000bn (\$125bn) of state pension funds are still tightly guarded and allocated to trust banks and life insurers.

The issue has also been debated among Japanese and US trade officials in the bilateral framework talks. The third round of the talks ended this week, but made little progress.

The country's ministry of health and welfare, which holds jurisdiction

over the state pension system, also wants to diversify its investments and is calling for the ministry of finance, which controls the way the pension funds are invested, to change the regulations. The welfare ministry is concerned because of the sharp pension fund growth, the amounts allocated to any one fund manager are swelling.

Laws covering the state pension

system are reviewed every four years, and welfare ministry officials fear that if they cannot convince the finance ministry by next April, the rules cannot be changed until the next review in 1998.

European and US investment advisers say the ministry of finance's tight regulation prevents money flowing to investments with the highest yields. However the ministry counters that

as the government has to guarantee social security benefits, it cannot allow state pension funds invest in stocks, which most investment advisory companies specialise in.

Mr Hitoshi Yamamoto, president of Morgan Grenfell Asset Management in Tokyo, objects that this stance goes against efforts by prime minister Morihiro Hosokawa to remove excessive bureaucratic regulations.

Provincial riots point to Argentina's economic weaknesses

John Barham reports on the first serious challenge to Menem's reform programme

Calam has returned to Argentina's remote province of Santiago del Estero, but the problems that touched off the worst violence seen since hyperinflation gripped the country in 1989 still remain.

A week ago about 5,000 people rampaged through the provincial capital. Unchallenged by police, they burned the governor's palace, the legislature and courthouse. They ransacked and set fire to the homes of politicians and looted stores.

Rioting started when the government said it would not pay wages due since September and October and threatened to cut jobs.

The disturbances were the first serious challenge to Mr Menem's four-year economic reform programme. Immediately, the call went out for a softening of Economy Minister Domingo Cavallo's strict market-oriented policies.

But Mr Menem firmly backed Mr Cavallo. He said economic policy "is not negotiable. These adjustment plans are absolutely necessary". He appointed a

President Carlos Menem's re-election bid overcame a big obstacle yesterday when the lower house of Argentina's Congress narrowly approved a package he had negotiated with Mr Raul Alfonsín, former president and leader of the opposition Radical party. John Barham writes. The constitution bans consecutive presidential terms, but the Radicals back reform in return for amendments reducing the president's powers and a greater opposition role in government.

close Cavallo ally, Mr Juan Schiaretti, a federal deputy, as administrator of Santiago del Estero for five months. On Monday, Mr Schiaretti defused the unrest by paying \$500 in emergency wages to each of the province's public employees and \$350 to pensioners.

The rioting rained home the critical state of many of Argentina's 23 provinces.

Most suffer heavy unemployment and poverty, which governments try to offset by increasing public employment. In Santiago del Estero, one third of people of working age works for the government and 15 per cent are unemployed or under-employed.

Invariably, this has led to unmanageable budget deficits, worsened by widespread corruption and maladministration. Although Santiago del Estero is one of the poorest regions of Argentina, senior government officials paid themselves wages of \$10,000-18,000 while public employees get \$180-\$500.

Santiago del Estero is not the only province in deep trouble. In nearby La Rioja, which Mr Menem governed intermittently from 1973-89, unrest made the local government drop a plan to cut 10,000 jobs.

La Rioja's government spent \$398m last year. Roughly one-third of the money came from federal grants and loans and over half in tax-sharing transfers. It raised

only \$28m in taxes and still ran a 1.3 per cent budget deficit.

This week has seen two more provincial governments back down from job-cutting programmes in the face of public hostility.

Public employment and spending has grown strongly in the provinces in the 10 years since civilian rule was restored. With only a few exceptions, provincial governors' authority rests on distribution of patronage, government jobs and in some cases by buying votes and rigging elections.

Santiago del Estero's rioters were driven not only by fury at losing jobs, but disgust at government corruption and a contempt for politicians. Mr Cavallo's demands for a minimum of financial rationality threaten the power of governors, most of whom belong to Mr Menem's Peronist party. Over the last three years, six local governments have fallen, usually leading to rule by a federal administrator.

The gap between rich and poor is growing, as is an already sharp division between wealthy and backward regions. Argentina's strong growth since 1991 is restricted almost entirely to Buenos Aires and the industrial provinces of Cordoba and Santa Fe. But even Santa Fe reports rising unemployment as obsolete factories close in increasing numbers.

Tension elsewhere could grow as a shakeout in industry gathers pace. Unemployment in the Buenos Aires industrial belt has risen 40 per cent in a year to 8.4 per cent. The absence of a government social safety net to care for victims of economic dislocation and inefficient social policies are exacerbating the trauma of reform.

Mr Cavallo has been struggling with the provinces since he took office in January 1991. Their budget deficits, uncontrolled spending, poor tax systems and worsening

economic problems all threaten economic stability.

Buenos Aires cannot let the provinces sink or swim, because Mr Menem needs their representatives' support in Congress, both to approve routine legislation and to garner the necessary two-thirds support needed to reform the constitution. Mr Menem wants to stand for re-election for a second term when his mandate ends in 1995, which requires a change to the constitution.

Mr Cavallo promises to redouble efforts in 1994 to make the provinces reform. Last year he devolved responsibility for education and health to the provinces. He has provided money to provinces that streamline their tax systems and offered subsidies for private companies to take on surplus government employees.

But usually the governors simply use the increased revenues to raise public employment. Private companies in most provinces are either in declining industries or too weak to absorb surplus public employees.

Faultlines show in Franco-German unity

When Mr Theo Waigel and Mr Edmond Alphandéry, the German and French finance ministers, sat down in Paris at secret midsummer talks to save the franc, international currency markets were close to boiling over.

The D-Mark/franc exchange rate, the core of the 14-year-old European monetary system, was rapidly melting under the impact of massive world-wide sales of the French currency. At one stage, the Bank of France was selling \$100m a minute in borrowed foreign exchange in a frantic effort to stop its currency falling through its floor of FF348.50 to the D-Mark in the exchange rate mechanism.

Yet, as top delegations from the French and German finance ministries and central banks struggled in vain to resolve the crisis, the mood in Mr Alphandéry's conference room on the banks of the Seine grew steadily frostier.

The ERM's moment of truth came on Friday July 30 at Bercy in eastern Paris, behind the closed doors of the Finance Ministry's headquarters. The meeting had been hastily arranged the previous evening at the personal intervention of Chancellor Helmut Kohl, the German leader, and Mr Edouard Balladur, the French prime minister who had staked his political future on upholding the franc.

The talks came 60 hours before European finance minis-

The moment of truth for Europe's exchange rate mechanism came on Friday July 30 at a secret meeting of French and German ministers and officials in Paris.

David Marsh tells the story of this bruising encounter and of other summer crisis meetings that reveal an extraordinary clash of policy and psychology between two governments which were previously renowned for their co-operation

nor of the Bank of France, wanted the four visiting Germans - including Mr Helmut Schlesinger, the Bundesbank president - to pump lifeblood into the ERM.

Instead, the French bore helpless witness to the biggest one-day hemorrhage of monetary reserves in history.

At the meeting, the French turned down Germany's suggestion of an immediate suspension of ERM intervention. Instead, they proposed that the D-Mark should leave the exchange rate mechanism. The suggestion was rejected by Mr Waigel's team on the grounds it would "singularise" the Germans as the cause of ERM tensions.

European financial markets were already in a state of unusual turbulence when the Germans arrived at the Finance Ministry at 10.30am on July 30. They had endured an uncomfortable hour-long journey in a minibus, driving through the Paris traffic from Villacoublay military airport south-west of Paris.

Two hours earlier, as the German delegation took off for Paris from Bonn-Cologne airport in a 10-seater German air force Challenger aircraft, the Bank of France had already started to borrow large amounts of foreign exchange to sell for francs.

As the talks progressed in the Finance Ministry, a messenger arrived at regular intervals, bringing up-to-the minute reports of the Bank of France's sharply rising drawings on its large "swap" credit from the German Bundesbank. The bilateral credit had been operating at sporadic intervals for at least a year.

By lunchtime, when the talks petered out without agreement, the credit - for a total of about DM30bn - was exhausted.

By the end of the day the total amount of foreign exchange deployed by the Bank of France to try to hold the franc's ERM parity was thought to have exceeded FF300bn. Heavy foreign borrowing and the Bundesbank and other central banks, wiped out France's foreign currency reserves, leaving the bank with a net deficit of more than FF180bn.

The *dramatis personae* at Bercy included some of Europe's most experienced monetary officials. Apart from Mr Waigel and Mr Schlesinger, the German side included Mr Hans Tietmeyer, the Bundesbank deputy president, and Mr Gert Haller, state secretary at the Bonn Finance Ministry. Mr Tietmeyer has subsequently taken over the president's job in October on Mr Schlesinger's retirement.

Accompanying Mr Alphandéry and Mr de Larosière (now president of the European Bank for Reconstruction and Development) were Mr Jean-Claude Trichet, director of the French Treasury (now governor of the Bank of France), and Mr Hervé Hannoun, the bank's deputy governor. Two interpreters were present, although part of the conversations were carried out in English to ease communication.

Significantly, Mr de Larosière led negotiations for the French side. Mr Alphandéry - who in June had irritated the Germans by making a rash and counter-productive public statement calling on the Bundesbank to cut interest rates - took little detailed part in the meeting.

The session at Bercy was the second top-level Franco-German get-together in eight days. The two delegations had met at another, more productive,



The line-up at the battle of Bercy. Around the table in the French finance ministry's conference room (clockwise): Theo Waigel, Helmut Schlesinger, Hans Tietmeyer, Gert Haller, Hervé Hannoun, Jean-Claude Trichet, Jacques de Larosière, Edmond Alphandéry

secret meeting late in the evening on July 22 at the Hotel Marriott in Munich. They agreed to increase the ceiling of the swap credit between the Bundesbank and Bank of France, and to co-ordinate interest rate policies to help steady the franc.

The next day, July 23, the Bank of France raised its key overnight borrowing rate to 10 per cent - intensifying an already severe monetary squeeze and heightening Mr Balladur's political problems caused by recession and 3m-plus unemployment. The two governments issued a joint statement pledging support for the franc's ERM parity.

If the Munich talks signalled the start of the countdown to crisis, the Paris meeting marked the explosion. Just a day after widespread surprise that the Bundesbank's decision-making council, at its regular fortnightly meeting on July 29, failed to cut its key discount rate (then standing at 6 per cent) to assist the franc, Mr Waigel's delegation resisted French pressure for fresh interest rate cuts and extra Bundesbank support intervention.

The hastily arranged nature of the Munich and Paris meetings led to inevitable mishaps and misunderstandings, adding to the difficulties of reaching an agreement.

For the July 22 talks in the Hotel Marriott, which extended into the early hours, Mr Schlesinger flew to Munich in a small private aircraft from his holiday home in Greece. He arrived only at midnight, after hold-ups on the journey. Through an oversight, the German government failed to arrange transport at Munich airport to pick up Mr Alphandéry and the other high-ranking French visitors. They had to pay their own taxi fares to the hotel in the Munich district of Schwabing.

Similarly, on July 30, there was no official French government reception team on hand when Mr Waigel's delegation reached Villacoublay airport.

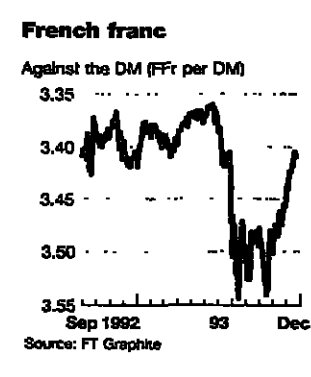
In view of the need for discretion, they were given neither limousines nor a motorcade escort. This was almost certainly not a riposte - as some of the German delegation suspected - for the transport mix-up in Munich. However, the lateness of the German team's arrival at Bercy did nothing to improve the warmth of the talks or the likelihood of a meeting of minds.

At the outset, Mr de Larosière asked the Bundesbank to agree interest rate cuts for the following week on its securities repurchase agreements - the main method by which it channels funds to the banks.

He also urged the Bundesbank to buy unlimited amounts of francs against D-Marks to stop the French currency hitting its lowest permitted level of FF348.50.

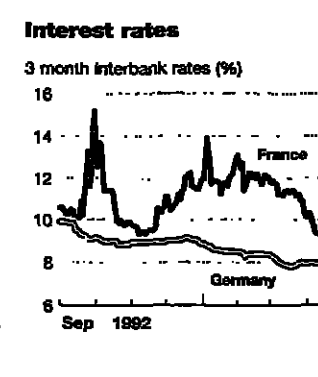
The Germans' response was acid. Although the Bundesbank the previous day had left its discount rate unchanged, it had cut by ½ point to 7 per

cent the less significant Lombard rate, which sets a ceiling for German money market rates. This Mr Schlesinger felt, went slightly further than the steps outlined at the July 23 meeting at the Hotel Marriott. As for the request for unlimited intervention, Mr Schlesinger repeated the Bundesbank's long-standing opposition to taking part in such so-called "intra-marginal" support for currencies before they reached their ERM floors. The debate about intra-marginal intervention soon became academic. At 11.00am, half an



Source: FT Composite

secret meeting to plan the next steps with Chancellor Kohl. Flying via Bonn and Frankfurt to Salzburg in two aircraft, they arrived at about 5pm at the chancellor's rented holiday house in the Austrian village of St Gilgen am Wolfgangsee. At least one of Mr Kohl's summer visitors feared the chancellor might try to persuade the Bundesbank to ease monetary policy to shore up the Franco-German political alliance. Instead, Mr Kohl was unexpectedly relaxed, agreeing with the idea - already voiced informally by the Bundesbank



Source: FT Composite

The French thus ended up with the untenable policy of promoting a rump ERM from which the strongest members would have departed.

As the Bundesbank never tires of pointing out, the Maastricht treaty's ERM plan requires participating countries to display far-reaching political solidarity in uniting not only their currencies, but also their economic policies. In summer 1993, however, France and Germany put on a display not of solidarity but of miscalculation and wounded pride. Yet there was also a curious

during another squall in January 1993, the French and Germans had invested large amounts of political and economic capital in preserving the D-Mark/franc parity.

The level of contacts in July 1993 contrasted sharply with the lack of any top-level personal exchanges between Britain and Germany in the crucial few days before Britain's ERM departure in September 1992.

Another important difference with the UK was that - in view of France's good anti-inflation record - both sides believed there was no need to make any changes to the franc's central parity against the D-Mark.

There was, however, a critical sticking point. The Bundesbank was concerned not to upset French feelings. But the fiercely independent central bank was even more anxious not to lose anti-inflation credibility by being dragged into "political" interest rate cuts.

Mr Schlesinger had especially sensitive memories of the weekend of September 12/13 1992, when Italy devalued the lira four days before leaving the ERM, along with sterling. Over that weekend the Bundesbank decided to cut interest rates to help persuade Italy to devalue. The episode was interpreted, particularly in Germany, as infringing Bundesbank independence.

In the past the Bundesbank had made behind-the-scenes interest rate concessions to accompany ERM realignments, notably on the occasion of the ERM realignment in January 1987, which was the last time the D-Mark/franc parity had been changed. However, the September 1992 affair was the first time that such monetary deal-making had become public knowledge.

During his 41-year-long career at the German central bank, Mr Schlesinger had developed a strong mistrust of the inevitable dilemmas created for domestic monetary policies by fixed exchange rate systems.

At Bercy, and at the earlier meeting in Munich, the two sides wanted to demonstrate that the alliance was still intact. As one German participant at the Munich and Paris talks puts it: "Each time we sought to resolve the situation. We understood that it [the D-Mark/franc rate] was a cornerstone of their policy."

The Germans had self-interested reasons for seeking to maintain France's firm exchange rate commitment. A sharp devaluation of the sort carried out by Britain and Italy, would have damaged further German exporters already poor competitors.

Both during the pressure on the franc which followed the Anglo-Italian ERM exit, and

When currency turbulence erupted anew in July, he was determined that, whatever method was chosen for resolving the dilemma, it should not jeopardise the Bundesbank's reputation for independence.

The Bundesbank's ambivalence about the monetary relationship with the French surfaced in revealing fashion on July 29, the day before the talks at Bercy. At the fateful meeting of its council that day, Mr Tietmeyer, more mindful of Franco-German sensitivities than Mr Schlesinger, suggested a ¼ point cut in the discount rate, but was overruled by his president.

In a gesture to help the French, Mr Schlesinger did agree that, in addition to the ¼ point cut in the Lombard rate, the Bundesbank would allow its money market rates to fall in coming days below the 6 per cent discount rate.

Mr Schlesinger clearly feared, however, that, if this measure was given too much publicity, it would have looked like submission to political pressure.

As a result he announced the potentially important step in an off-the-record briefing, on the afternoon of July 29, with a small group of German newspaper journalists, rather than through an open statement that would have been relayed to the foreign exchanges by news agencies.

By the time the measure had become public knowledge the next day, it had already been

'Each time we sought to resolve the situation. We understood that the D-Mark/franc rate was a cornerstone of their policy'

overtaken by the worldwide flurry of franc sales.

The summer discord between France and Germany throws shadows into the future. Before he took over as president 2½ months ago, Mr Tietmeyer told a long-time colleague that the Bundesbank should have been "more courageous" in easing its interest rate policies during the summer.

Nonetheless, Mr Tietmeyer agreed it had become necessary to break "illusions" about Germany's willingness to provide an automatic open-ended commitment to the franc.

Now that European exchange rates have settled down after the summer storms, France and Germany are likely to use their new monetary leeway to continue interest rate cuts as a means of promoting economic recovery.

There is little prospect for a speedy formal return to ERM narrow bands. But the German Finance Ministry believes the franc will remain firm in coming months, especially since the dollar is likely to strengthen and the D-Mark will remain burdened by worries about financing reunification.

Bonn officials hope a firmer franc, combined with a gradual European recovery, will lower French pressure for an "artificial" dash to monetary union - a prospect viewed with distaste by much of the German electorate.

On this reading, the shattering of Franco-German illusions could have a salutary effect. As Europe struggles to rebuild the project for monetary union, economic reality has established primacy over political illusion. The chronicle of bruising encounters and spurned hopes of summer 1993 demonstrates that the dividing line between the feasible and the impossible can sometimes be excruciatingly thin.

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مكتبة العدل

Construction order rise fuels recovery hopes

By Andrew Taylor,
Construction Correspondent

Construction orders rose sharply during the three months to the end of October, according to figures published yesterday by the Department of the Environment. The figures suggest that a more broadly based recovery than previously thought is under way in the industry.

The value of construction orders rose to £16.31bn during the first 10

months of this year, a 9.5 per cent advance on the corresponding period in 1992.

During the latest three months, new work increased in every area of construction, compared with the corresponding period last year when investment fell sharply after Britain's decision to quit the ERM. Among the most encouraging of these three-month figures were rises of 20 per cent and 11 per cent in private industrial and commercial orders.

Contractors hope that private sector spending on homes, factories, warehouses, shops and offices will increase to compensate for reduced public investment in social housing and roads in last month's Budget.

Overall, the value of orders at constant 1985 prices rose by 18 per cent during August, September, and October, compared with the same three months last year. Orders were also 9 per cent higher than during May, June and July this year.

The biggest increases were in housing, where public sector orders, mostly from housing associations, were 33 per cent up on last year. Private housing orders during the same period rose 25 per cent.

Builders welcomed the increases but said improvement would need to be sustained. The National Council of Building Material Producers, a leading forecasting body, last week halved its projections for growth next year, from 1 per cent to 0.5 per cent, blaming public sector spending cuts.

The council, which represents more than 2,000 companies with a combined annual turnover of more than £30bn, said yesterday there had been a bunching of private sector orders during the three months to the end of October. That was due to the ending of capital allowances for industrial building as well as a rush to qualify for construction-related Business Expansion Schemes due to end this month.

Cross-Channel shoppers alarm drinks industry

By Philip Rowstone

The amount of beer brought into the UK this year by cross-Channel shoppers is equivalent to the total annual sales of 4,000 tenanted pubs or the production of two of the larger regional brewers, according to industry estimates.

More beer now pours across the Channel from Calais than the whole of French worldwide beer exports through conventional channels.

Since allowances of personal duty-paid imports were increased in January to 110 litres - the average yearly UK consumption per head - the Brewers' Society reckons that more than 32m pints have been carried into the UK.

Differences between UK and French rates of beer taxation offer consumers huge savings. Excise duty on beer in the UK is 30p a pint compared with 4p a pint in France.

Legal imports, on which duty

has been paid in France, have been swollen by higher duty-free allowances bought aboard the cross-Channel ferries.

Personal imports are now 9 per cent to 11 per cent of the UK take-home beer trade. Brewers estimate illegal imports for resale account for 4 per cent of the market.

Retail beer sales worth about £250m a year have been lost - and the cost to the government in duty and VAT amounts to about £150m a year.

When personal imports of wine and spirits are added, drinks retailers in the UK are estimated to have lost £700m-worth of business, and government revenue declined by at least £350m.

With more cheap drink available at home, the pub trade is also beginning to suffer, the brewers argue.

Mr Kenneth Clarke, the chancellor, left beer duty unchanged in last month's Budget.



No small beer: A shopper loads his trolley at a supermarket in Calais

Picture Colin Beere

But Customs and Excise maintain that industry estimates of the inroads being made by personal imports are exaggerated. Sir John Cope, paymaster-general, sticks to official forecasts made early this year of a total loss of revenue of £250m from beer, wine, spirits and tobacco.

Mr Bernard Windsor, chairman of the Wine and Spirit Association, says its monitoring of cross-Channel purchases since personal import allowances were raised to 10 cases of wine and 14 bottles of spirits suggests that £264m of revenue will be lost on wines and spirits alone.

The chancellor added 2p a bottle to the duty on wine - the equivalent of the total duty in France - in the last Budget. UK duty on spirits is 2.5 times the rate in France.

Meanwhile, day trips on P&O Ferries' Dover-Calais sailing this year have increased by 40 per cent.

Holiday chains in discount battle

By Michael Skapinker

Britain's three largest travel agents' chains yesterday signalled the start of a post-Christmas price battle by announcing holiday discounts of 11 per cent.

The price-cutting campaign, which begins next Monday, is unlikely to last more than a few weeks, as the high level of discounting means the chains will be giving away virtually all of their profits.

Thomas Cook, the third largest chain, fired the first shot yesterday by offering 10 per cent off all its summer 1994 holidays. It said it would cut the prices of cruises by 15 per cent.

Its two larger rivals, Lunn Poly and Going Places, immediately offered discounts of 11 per cent - forcing Thomas Cook to do likewise.

Going Places, which is made up of the former Hogg Robinson and Pickfords Travel chains, is offering the discounts on its summer holidays only. Lunn Poly, the market leader, is offering the discounts on summer and winter holidays.

All three chains stressed that the price campaign would be short. Lunn Poly and Going Places said their campaigns would run for a week. Thomas Cook said its offer would last "for a limited period only".

If Thomas Cook extends its offer beyond the first week, the other two chains will probably be forced to do likewise.

Britain in brief



Front-runner emerges for Exchange job

The joint senior partner of Cazenove and Company, a London stockbroking firm, is the leading candidate to become the next chairman of the London Stock Exchange.

Mr John Kemp-Welch, a member of the Exchange's board, has been approached by other board members to fill the post, one of the most important in the City of London. It is likely to be vacated next year by Sir Andrew Hugh Smith, who has been chairman since 1988.

Estate agent ordered to pay

John D Wood Commercial, a commercial estate agent, has been ordered in the High Court to pay £16m in damages after being found negligent in its valuations on three properties.

The case, brought by Banque Bruxelles Lambert and Eagle Star, is one of a growing number of negligence claims against surveying practices that stem from allegedly excessive valuations carried out in the late 1980s.

The litigation concerned a number of BBL's property loans that were insured by Eagle Star, on which the borrowers subsequently defaulted. The judge criticised the valuers for paying insufficient attention to the marketing history of the buildings in making their valuations.

Regulator looks overseas

Ofel, the telecommunications regulator, is to look abroad for inspiration on how to improve Britain's telecommunications.

Mr Don Cruickshank, Ofel director general, plans next summer to publish comparisons of telecom services in Britain and those in the US and France.

The comparisons will focus on shortcomings in services available to UK consumers, compared to those in the two other countries.

Judgment on pension rules

UK company pension schemes can continue to use life expectancy tables which distinguish between men and women for the purpose of calculating benefits after an unexpected decision by the European Court of Justice yesterday.

The Luxembourg Court's ruling that European equal pay rules do not extend to non-pension benefits such as tax free lump sums on retirement and transfer payments means UK employers will now be able to quantify the main cost implications of the Court's 1990 Barber judgment, that pension benefits of men and women had to be equalised as they constituted pay for the purposes of Rome Treaty equal pay rules.

Andersen seeks lifting of ban

Arthur Andersen, the accountancy firm, has approached the government in an effort to have its long-standing ban from public-sector work lifted.

The firm has held discussions with senior Whitehall officials and corresponded with the Treasury Solicitor over possible breaches of European law in its failure to be considered for tenders.

It has won no work for nearly a decade since the collapse of De Lorean, the Northern Ireland-based car company. The government, which had provided De Lorean with substantial grants, is suing Andersen in its role as auditor for alleged negligence.

Blackpool still most popular

Blackpool Pleasure Beach, the 42-acre funfair at the Lancashire seaside resort, had 6.7m visitors in 1993, making it Britain's most popular free-to-enter tourist attraction for the sixth consecutive year.

The company said that most of the profits are being ploughed back to help fund a £12m rollercoaster, which is due to open in the spring.

Girls overtake boys in academic performance

By John Authers

Girls last year overtook boys in virtually every measure of school academic performance, figures released by the UK Education Department show.

For the first time a greater proportion of women entered higher education than men, while girls' performance in GCSE exams is superior to boys'. In 1992, 45 per cent of girls passed five

GCSEs at grades of C or above (equivalent to a pass in the old O level), while only 38 per cent of boys reached the same level.

More women attempted A levels (31 per cent against 26 per cent of men), and 16 per cent succeeded in passing at least three, compared with only 14 per cent of men. Provisional figures showed that roughly twice as many women as men gained vocational qualifications.

On leaving university, total female graduate unemployment last year was 10.6 per cent, compared with 15.1 per cent for men.

The Equal Opportunities Commission hailed the results as showing that women's aspirations and expectations of themselves were at last the equal of men's. It said education had been one of the most significant barriers to full equality of opportunity.

The figures show that men between the ages of 40 and 59 are more than twice as likely to hold a university degree, and more than three times as likely to have A levels than their female counterparts.

The commission suggested that childcare facilities would have to improve if women were to be able to take full advantage of educational improvements in the jobs market.

International understanding for Christmas

Christmas is a time for peace and goodwill to all men

MANAGEMENT: MARKETING AND ADVERTISING

Pester power, as those in the business of marketing to children so appropriately call it, has just about done its job for another year.

This week parents all over the world will be wrapping Barbies, Lego, and video games, as well as all the other fads, fashions and enduring favourites that make up the global toy and games market, which was worth more than \$55bn (\$36.90bn) last year.

The most indulgent, according to market analysts Euromonitor, are the Germans. In 1992 their children each had \$429-worth of toys and games lavished on them, while Swedish children got \$400, Americans \$384, and British \$294. More than half of the \$55bn total is spent around Christmas.

With advertising budgets to match, toy and games manufacturers are constantly searching for the most effective ways of harnessing pester power and making their products the ones that parents will scour the shops for in the run-up to Christmas.

The youth market is the trickiest and most competitive of the children's markets, as is apparent from the video games wars being fought between giants Sega and Nintendo. While some of Sega's more aggressive advertising might make parents flinch, it appears to be getting through to its intended target of teenage boys.

Mark Earls, planning director of advertising agency Still Price Limited, who has studied marketing to youth, observes: "Sega has got the personality of the moment. The personality of the brand is excitement and being a bit anarchic, a bit dangerous."

Advertisers often wrongly assume that young people now are very much like their own younger selves, says Earls. Salvador Dali pinpointed the problem, says Earls, when he observed that "the trouble with the youth of today is that we are no longer part of it."

Middle-aged advertising folk "trying to be hip and cool and groovy just doesn't work", according to Earls. The result can too often be adverts that have the same effect as the vicar doing the twist at the youth club party.

Nor, in his view, is the structured advertisement with an obvious "moral" ending effective with a generation exposed to a wide range of media images and with a sophisticated understanding of how advertising works. The approach now needs to be looser. "All youth culture now is about play. You throw something into their world and hope they're going to play with it," he says.

At the other end of the children's age range, life appears to be simpler. Peter Waterman, vice-president of corporate affairs at Hasbro,

Harnessing pester power

Diane Summers considers the tactics of the toy advertisers



Top 10 toys in the UK

1. Barbie (Mattel)
2. Thunderbirds Matchbox
3. Captain Scarlet Vivid Imaginations
4. Polly Pocket Squeebird
5. WWF Wrestlers Hasbro
6. Tomy Train Sets Tomy
7. Action Man Kenner
8. Sylvanian Families Tomy
9. Jurassic Park Dinosaurs Kenner
10. Little Mermaid Tyco

Sources: British Association of Toy Retailers

the toy company with the second largest global market share after Nintendo, has no time for the wilder schemes of advertising's "creatives".

He has a clear recipe for success when it comes to advertising to, for instance, five to nine-year-olds. "You do what you would do if you were an adult with the toy in your hand. You show the toy to the child, and then show the child how the toy works. The toy itself and its operation is always the hero of the act."

Waterman, who used to work for Procter & Gamble, says the selling of detergents and toys should be

based on similar principles. "You demonstrate the product in action. Every half-second you use dressing that up in some disguise is time wasted when you could be telling the consumer about the product you want them to use," he says.

And the half-seconds around Christmas come very expensive. The most effective medium for toy and games advertising is television and all the main manufacturers will be clamouring for airtime during children's peak viewing. In the UK, for example, media buyers Zenith report that one 30-second slot on GMTV, the break-

fast channel, would cost \$15,000 just before Christmas, compared with about \$9,000 at other times of the year. Provisional bookings have to be made a year in advance, with firm commitments from advertisers by Easter.

Television itself, with its tight regulation of what is allowed by the broadcasting authorities, also acts to make toy advertising relatively simple, says Waterman. In the UK, the Independent Television Commission has a formidable set of rules advertisers must abide by. For example, direct exhortations to practise pester power are outlawed - the slogan "Don't Forget the Fruit Gums, Mum" might well fall to get past regulators these days.

Anything that might make a child feel inferior or "liable to be held in contempt or ridicule" if it does not buy a particular product is also banned. Furthermore, the price must be shown if the toy costs more than £20.

One rule that many parents may wish to quote in the aftermath of Christmas is: "Where advertisements show results from a drawing, construction, craft or modelling toy or kit, the results shown must be reasonably attainable by the average child and ease of assembly must not be exaggerated."

Some countries have gone further. In Flanders, the "five-minute rule" means there can be no advertisements during children's programmes, or for five minutes before or after them on terrestrial television channels. In Greece, a complete ban was lifted but its reimposition is being discussed following a change in government.

In effect, Sweden and Norway ban all advertising to children on terrestrial television channels. Waterman, who is also an official of the Toy Manufacturers of Europe, a lobbying group, says the ban is a barrier to trade which distorts the market. He hopes it can be challenged in the new year when the European Economic Area treaty comes into effect. The treaty will extend European Union single market and competition rules to those countries, including Sweden and Norway, which are signatories.

Waterman is indignant about restrictions which he considers do more to protect trade than children. "Advertising to children is an entirely harmless activity. Steps to stop children seeing advertising at all are completely unnecessary and, in fact, are undesirable. They prevent children from learning important social and economic lessons," he says.

Lessons which include, presumably, early training in how to spot who holds the purse-strings and how to lobby effectively for your favourite projects.

Philip Rawstone explains how United Distillers has attacked Europe's lucrative duty free market

Dedicated team in high spirits

For the past three years, United Distillers, the Guinness spirits company, has outperformed its rivals in Western Europe's \$2bn duty free spirits market.

UD's share of the world's biggest duty free market has risen from 17.5 per cent in 1990 to 20.5 per cent this year, nearly nine points ahead of its nearest competitors International Distillers & Vintners and Hiram Walker. Volume sales have grown from 1.44m nine-litre cases to 1.65m. Its Johnnie Walker Red Label Scotch whisky and Gordon's gin are the two leading brands.

That performance owes a great deal to UD's development of a dedicated European duty free organisation. UD's strategy has given it a sharper regional focus than its rivals in market which the EU has extended until at least mid-1999.

UD's organisation grew from the recruitment in late 1987 of Gerd Biedenbacher, a German executive, from Dusseldorf, to run the German and Austrian operations.

He inherited a management system, devised by the old Distillers Company which Guinness took over in 1986. Under it, the worldwide duty free business was run from London through independent agents in each market.

In Germany and Austria, Biedenbacher found five different agents, each with responsibility for one or two UD brands, competing against each other. He ended the agency contracts and put the brands together in one portfolio.

The restructuring worked well. It was extended, first to Scandinavia, and by 1991 covered the whole of western Europe. Today, Biedenbacher runs the business from a converted warehouse in Hamburg with regional sales and marketing offices in London, Helsinki, Copenhagen, Stockholm, Antwerp, Paris, Milan, Madrid and Athens.

He has a total staff of 70, comprising 16 different nationalities speaking 13 different languages. "The only thing we insist on is fluency in English," he says.

The team's area director for the UK and Ireland, which accounts for a third of market sales, is a German; a Finn heads operations

in Germany and Austria; and a Belgian is responsible for southern Europe.

All products, formerly supplied direct from the UK, are distributed from warehouses in Hamburg's free port, Piraeus in Greece, and Hodeideson in the UK. "Lead times have been cut from five or six weeks to 48 hours," says Biedenbacher. "About 250 different product specifications are permanently in stock."

Faster delivery deserved faster payment, so with the help of Barclays, Biedenbacher set up the first cross-border business direct debit system. Legal hurdles prevent the use of the system in some countries but three-quarters of payments are now settled this way. "One of the great advantages is that salesmen can concentrate on selling rather than chasing late payments," he says.

The closer UD has come to its customers in airport duty free stores, airlines and ferries, the more it has become involved in trying to improve retail techniques.

It collects market data to detect trends in sales of different categories as well as to assess the performance of its competitors' brands.

Travellers' shopping behaviour is studied closely. Only about half of them visit duty free shops. Japanese businessmen are the most assiduous shoppers - 88 per cent visit the stores and nearly all of them buy alcohol. But only about one in six American or French travellers buy drink.

Considerable effort has gone into attracting more people into stores. "Opportunities to influence consumer decisions are limited," says Biedenbacher. "There are so many different nationalities; no television advertising, no other media except airline magazines."

UD, therefore, seeks to influence shoppers in the few seconds they take to reach a decision by constantly improving in-store promotions and merchandising.

Those who do not visit the stores at 10 European airports are being tempted to buy from "last-minute" trolleys of goods

in the departure lounge.

A team has been established to help retailers achieve more effective space management - planning the layout of stores, the positioning of categories and brands, and the space allotted to them - to maximise sales and profits.

The team uses confidential data supplied by its retail customers. "The rest of us have no access to it," says Biedenbacher. "Our view is that, with a 20 per cent share of the market, we will benefit from any overall increase in sales that results from their work."

All these efforts have reinforced the trend among travellers to trade up to more expensive, better-quality brands of drinks. London Heathrow is now the biggest malt whisky outlet in the world.

This year, the market has coped effectively with changes in its regulation giving retailers responsibility for enforcing allowance limits. Initial confusion hit sales at airports which were down 10 per cent in the first six months, according to UD estimates. But this loss was offset by a boom in ferry sales. Hordes of UK cross-channel trippers, shopping for cheaper beer in France, have also been picking up their duty free spirits.

The big question overhanging the market, however, is what happens when the EU extension runs out?

Biedenbacher believes abolition is unlikely. The British Airports Authority now makes more money from retail concessions than from landing fees. "Without the income generated by duty free, airport charges and the cost of airline tickets would have to rise," he says.

But even if travellers within the EU are denied duty free, he remains optimistic about long-term prospects. "Air travel worldwide is forecast to double in the 1990s - and long distance flights are the fastest growing sector. Eastern Europe duty free sales are increasing. Airport shops will also have more to offer than duty free bargains, and people at airports always have time to spare, and to spend."

TECHNOLOGY

An X-ray provides proof of pudding

Christmas in Finland means a cake with a gold coin in it - but how does the manufacturer ensure that all consumers are given an even chance of finding it? One has solved the problem by using a new range of X-ray detection equipment to ensure that the coin is close to the centre of the cake and not too near the surface.

A similar difficulty, in reverse, is faced by producers of Christmas puddings in the UK. How can they check for contamination by pieces of glass, stone or metal in a dense mixture of fruit, nuts and suet?

TransTec, the Birmingham-based specialist engineering company, came to the aid of the Finnish cake company and has just launched an X-ray machine with which it is hoping to make waves in the food industry.

X-ray imaging of food has been available for some years, and simple metal detection equipment for decades. But tougher food hygiene regulations and scares about contamination of products such as baby food have combined with developments in image processing technology to create a new market opportunity, says Sami Ahmed, executive director of TransTec.

The food passes through TransTec's Ultrascan System on a conveyor belt travelling at up to 300ft a minute. The machine uses an image intensifier to convert the X-ray beam - which is a tiny fraction of the amount used for irradiating food - into an optical signal for analysis by an image processing system supplied by Data Cell of Reading.

It takes about a week to work out the software for each food item, says Mark Graves, an image processing expert at TransTec, but once programmed the machine can switch between foods quickly.

It costs between £60,000 and £100,000. But TransTec hopes that, once the food industry has been convinced that the machine will work reliably, it will buy in bulk.

TransTec is now working on the next stage - which will use two detectors working at right-angles to build up a 3-D image of the food. The UK company and its European partners have received a £2m grant from the European Union to develop the machine.

Andrew Baxter



As surely as famine follows feast and hangovers follow New Year's Eve, the decision to diet inevitably follows Christmas's excess calorific intake. Help could be at hand from the pharmaceutical industry, which believes the potential market for drugs designed to assist weight loss could be huge.

In the US alone, anything between \$5bn (£3.3bn) and \$8bn a year is spent on weight-loss products ranging from sports club memberships to low-fat frozen food.

While the overall US weight-loss market is already immense, the prescription pharmaceuticals market is tiny, worth between \$50m and \$70m. The problem is that there is no widely accepted safe and effective weight-loss drug available.

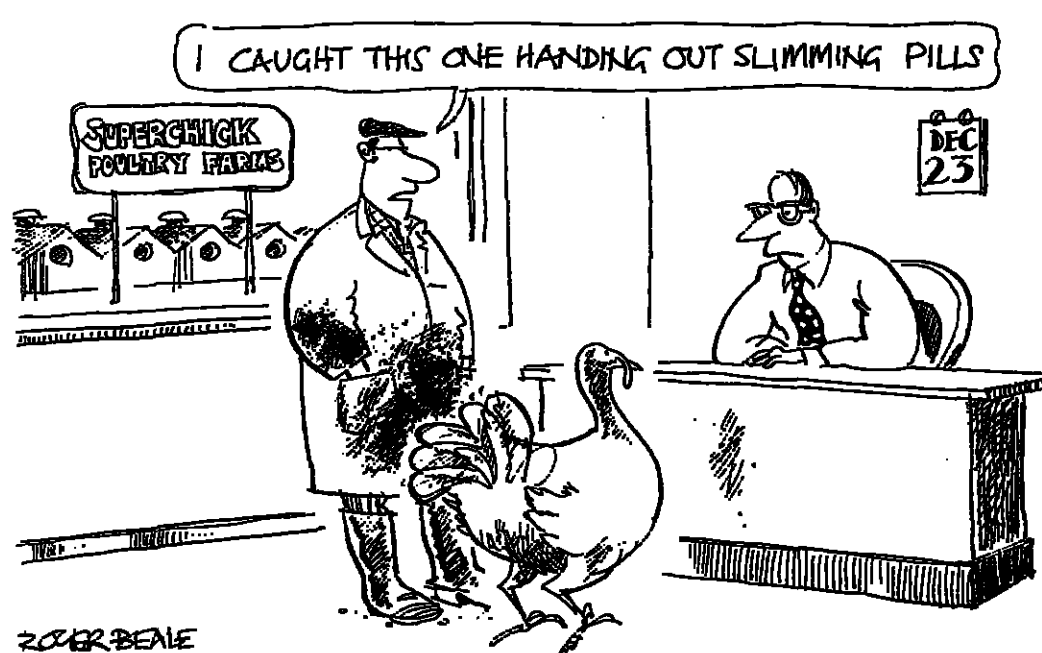
Undeterred, drug groups are investing hundreds of millions of dollars to develop safe, effective and non-addictive drugs that will assist weight loss. New York-based industry consultants The Wilkerson Group believe the US and European market for pharmaceutical obesity products could each be worth \$1bn by 2000.

If the idea of a safe, non-addictive weight-loss pill sounds attractive, that is part of the drugs companies' problem. Regulators are worried that the medicines, which will probably be licensed only for people medically threatened by obesity, would be used in the more general population. Doctors would come under intense pressure from non-obese patients to prescribe an effective treatment.

The regulatory authorities are worried that any new drug could be abused in the way that amphetamines were in the 1970s. These drugs are effective appetite suppressants but were addictive, with serious side-effects.

Definitions of obesity change from country to country, warns Christine Nathan, director of scientific affairs at Servier, the French drugs group. Its incidence ranges from 10 per cent to 50 per cent of the population, according to how it is measured. Technically there is a difference between being overweight and being obese, says Shadrach Cronan, associate consultant at The Wilkerson Group. Overweight means excess poundage, while obese means excess fat tissue. Probably about 8 per cent of the population in developed nations is obese.

The causes of obesity are complex and multiple. The obvious one is a long-term imbalance between energy intake and output, produced in two ways. One is when the body's metabolism is too efficient - it needs very little energy to sustain itself and therefore stores the excess as fat. The second cause is



Drugs companies' approaches to the potentially huge obesity market are weighed up by Paul Abrahams

Fat profits for pharmaceuticals

that calorific intake is too great. This is often a behavioural problem, but excessive intake can also be caused by medical disorders. When empty or full, the gut produces different hormone peptides that act on a region in the brain called hypothalamus. This contains feeding and satiety centres that control the feelings of hunger or fullness.

The peptides released from the gut tell these centres in the brain whether the body is hungry or satiated. Excess production of certain peptides leads the feeding centre to believe the body is hungry when it has enough food. A shortage of peptides acting on the satiety centre indicates the body is not satiated when in fact it is. Activity in the hypothalamus is partly regulated by neurotransmitters such as serotonin and dopamine, although their precise mechanism is unknown.

Whatever the causes, obesity is medically dangerous. Mervyn Bussan, director of medical sciences at Boots Pharmaceuticals of the UK says it is associated

with increased mortality. "Those seriously obese have twice to 2½ times the mortality of someone of average weight," he says. The most common problems linked with obesity include non-insulin dependent diabetes, high blood pressure, gall-bladder disease, and possibly cancer.

Given the complexity of obesity, a number of different tactics have been taken. Normal dieting and exercise are the most common methods. Heroic and unpleasant means such as wiring people's jaws and surgery to cut out fat or remove sections of the bowel have largely stopped.

In the pharmaceutical world, most attention has been directed towards creating drugs designed to suppress appetite.

Amphetamines worked by interacting with the appetite centre, probably through neurotransmitters in the brain such as dopamine and noradrenaline. Following the problems associated with amphetamines, a second generation of drugs called fenfluramines was developed. These also interact with

the neurotransmitters in the brain and are less addictive than the amphetamines, but their use is not widespread. The best-selling compound is Servier's Ponderax.

More recently, a new generation of appetite suppressants is awaiting regulatory approval. These are selective serotonin re-uptake inhibitors (SSRIs) which increase levels of serotonin in the brain.

Ell Lilly deposited its dossier for its SSRI appetite suppressant Loran with the US Food and Drug Administration (FDA) in 1993. The drug, which is marketed as Prozac, an anti-depressant, has still not been approved for an obesity indication. Meanwhile, last May, Servier filed its FDA dossier for its SSRI Adifax. The drug was developed in the US by Interneuron, a small biotechnology group, and Lederle, the pharmaceutical division of American Cyanamid. The drug, already available in Europe, is effective in about 40 per cent of patients, and has limited effect in a further 20 per cent, according to Nathan.

Other SSRIs in development

include Pfizer's anti-depressant Zoloft, and Boots' sibutramine. Bussan says his company's drug allows patients to sustain weight-loss of 1lb to 1.5lb a week over extended periods compared with a placebo.

Other means of suppressing appetite are also being explored. Some companies are developing drugs to raise levels of gut peptides known as cholecystokinin, or CCKs, which increase the sense of satiety.

Peter Johnson, research and development director at Fisons, the UK group, says tests involving direct injection of CCK failed because the chemical has a short half-life and quickly disappears. His group is developing a CCK selective agonist which increases levels of the hormone either by increasing production or reducing the speed it is broken down by the body. Abbott of the US also has a CCK-agonist in pre-clinical development.

Other routes being explored include attempts to create drugs that increase the metabolic rate. A number of companies are developing "thermogenic" agents such as beta3-agonists which may affect fat tissue. But progress has been slow. Zeneca of the UK recently abandoned its thermogenic compound, while SmithKline Beecham, the Anglo-American group, licensed its drug, Fastin, to Meiji of Japan.

Another tack is to reduce intake of fat through the gut. Roche of Switzerland has a compound in early development called Orlistat. This is believed to reduce production of enzymes in the gut that break down fat and allow it to pass through the gut wall.

Shari Samolin, a principal at The Wilkerson Group, warns there is unlikely to be a magic bullet. The causes are so complex that no one drug will work in all patients. Most will need multiple therapies.

In spite of the demand, or maybe because of it, the latest generation of drugs face substantial barriers before they reach the market. Unless the long-term safety and efficacy of these drugs is proven, regulatory authorities, particularly in the US, are likely to remain reluctant to license these products for fear of huge demand from the non-obese public. Nevertheless, the rewards for the first compound to be cleared are huge. Weight loss drugs could lead to fat profits.

The series continues next month with a look at wound healing.

| Articles over the last six months have looked at pharmaceutical advances in the following areas: | |
|--|--------------|
| Contraceptives | 12 November |
| Anaesthetics | 15 October |
| Diabetes | 17 September |
| Sleep | 27 August |
| Arthritis | 27 July |
| Menopause | 25 June |

Cool and cost effective

The invention of a self-chill can

A self-chilling can would be such an obvious boon to the brewing and soft drinks industries that it is hardly surprising a lot of inventors have attempted to create one over the years.

At least 10,000 patents have been filed worldwide, according to Michael Anthony, chief operating officer of MicroCold Technologies of Florida.

"But nobody, so far as I know, has ever come up with a self-cooling can that not only works but does so cost-effectively. Until now," Anthony, an engineer who emigrated to the US from England 13 years ago, returned to London last week to demonstrate to the UK's leading brewers the self-chilling can he has invented.

He was working on cooling techniques for instrumentation when he met Mitchell Joseph, head of a long-established US beverage company, who had spent several unsuccessful years trying to develop a self-cooling can.

Their partnership, they claim, has now made the breakthrough. As evidence, they placed an ordinary-looking cola can on a table, pulled the tab, and recorded the fall in temperature of its contents from 73°F (23°C) to 40°F in about 30 seconds.

The cooling device is a small canister of gas inserted in the can. When the tab is pulled to open the can, it also releases the gas in the canister. The gas swirls rapidly. Heavier cold molecules separate from lighter hot molecules, cool the canister, and then the liquid around it. The heat exchange unit displaces only two fluid ounces of liquid in a 12 fl oz can. It is simple and relatively inexpensive to produce from readily-available materials, says Joseph.

Fitting the device into the can will require little modification to high-speed filling lines, he claims. "The process involves no chemicals, no toxics, no hazards to the ozone layer, in fact, no hazards at all. And the can is fully recyclable."

Patents for the technology have been filed and, after test-marketing, Joseph expects to be ready for production within a year.

Philip Rawstone

مكتبة الراجحي

Cinema/Nigel Andrews

Badly in need of good parenting



Clint Eastwood and Laura Dern in 'A Perfect World'

A surprise. This is written into the script so that lawman and outlaw can shake off their respective techno-military support systems plus telegraphically hopeless cronies. Lady criminologist Laura Dern for Eastwood, psychotic sidekick Keith Szarabjka for Costner - before moving in for the final *mano a mano* showdown.

Eastwood himself directed this film, which from the maker of *Unforgiven* must be accounted unforgivable. He begins promisingly with an eerie-lyrical slow-motion image: Costner lying half-asleep (or dying?) on a patch of breeze-blown grassland, empty but for a white Halloween mask and a drift of dollar bills. This is "How are we going to get to this point in the story?" device, but it works. At least for its behind-the-credits minute or two. It leads an air of mystery that the movie then spends 2 1/2 hours unravelling.

As cars crunch, guns rattle and corpses queue up for disposal, we learn that Costner is a violent former armed robber driven to crime by bad parenting. (Clint "Make my day" Eastwood is now making bleeding-heart liberal movies?) And the boy he kidnaps has been brought up as a Jehovah's Witness by a spoilsport single mother, so *naturally* he cleaves to fun-loving, gun-loving Costner as the Pop he never had.

Nor is on-the-hoof psychotherapy confined to the psychopathic classes. Ten miles back down the road is Clint and his brutal of career folk, working out or playing out their personality problems.

Laura Dern, fresh from paleobotany duty in *Jurassic Park*, where her scholarship and feminist chutzpah were programmed to disintegrate into little-lady screams, does the same number here. Expert criminologist; but too heavy on the book-learned polysyllables; throws up at first sight of a dead body. As for Clint, he must get over his own bad memories of - yes - negative parenting.

So the lessons in life grind on, milling wit, character and drama into readymade messages for morons. The only folks to touch with raw reality in this film are the behind-camera craft-masters, Henry Bumstead

(production design) and Jack N. Green (cinematography). Bumstead's no-frills authority - as well as being an Eastwood veteran - he designed Hitchcock's *Vertigo* - turns every set, from grungy diners to giant dilapidated hardware stores, into a kind of *Essence* of Texas. And Green's camera eye breathes life and movement into a story that, left to itself, would freeze into the postures of moral pedagogy prescribed by the script.

But pedagogy is the flavour of the season: see Stephen Poliakoff's *Century* (opening in Britain next week). Nothing makes a more specious mile-

stone than the birth of a new century. Do the human heart and mind change because two digits in the year's number-counter click over to zero? But you cannot stop an artist when he gets a fit of the epochal-apocalyptic.

The time is 1900. The Hamlet-like hero is an aspiring doctor (Clive Owen) who puts an emotional rapier into his East European, Scottish-naturalised father (Robert Stephens) before migrating to London to test his metal on father substitute Charles Dance, a leading surgeon-teacher. Looking on from the wings is laboratory assistant Miranda Richardson, part Gertrude part Ophelia, offering

sex, work companionship and surrogate motherhood as Owen sets out to blaze his medico-scientific path into a New Age. We know it is a New Age because the film strifes us with visuals to that effect. There is the illuminated "Welcome To The New Century" sign that eccentric old Stephens erects on a hill, only for the council to order its removal. (No change there in 93 years of British local politics.) And there are the gleaming shafts of enhanced sunlight pouring in through the teaching hospital's windows, making Wagnerian heroes of everyone in sight.

Two rival medical subplots fight for centre screen. One concerns Dance's jealous suppression of Owen's breakthrough research work on the human gland; the other, early birth control schemes in the age of Malthus. As we try to discern a connection between the two (there is none), Poliakoff piles on the period colour (frocks, coats, beards, cloppity-cloppity street traffic), dances around the fetchingly fish-eyed Dance and brings Robert Stephens back for an encore whenever possible.

Stephens is a joy: a whiff of green-belt organic life on an excursion ticket to the movie's inner-city schematic. Watch his ludic, rubicund face; listen to the fluent fun he has with a Scottish-Jewish-Romanian accent (sic). Elsewhere, *Century* is a large, confused, gas-filled undertaking from a playwright-filmmaker whose last, best movie (*Close My Eyes*) was a small tale of doomed

love which proved that largest thoughts and feelings often come from simplest story ideas.

Are you ready for the week's third film about surrogate fathers? In *Another Stakeout*, the title operation requires undercover cop Emilio Estevez to masquerade as colleague Richard Dreyfuss's son. They and Assistant District Attorney Rosie O'Neill, pretending to be Dreyfuss's wife, play house in a borrowed mansion overlooking the sea-washed highway of a fugitive state's witness (Cathy Moriarty).

We are on an island off Seattle. Correction: we are in Never-never-land, Disney Studios, Hollywood, where director John Badham and writer Jim Kout try to magic forth a

A PERFECT WORLD

(15)
Clint Eastwood

CENTURY (15)
Stephen Poliakoff

ANOTHER STAKEOUT
(PG)
John Badham

sequel to their hit cop caper of yesterday. But where *Stakeout* had novelty, *Another Stakeout* has "novelty". A funny dog, a funny woman law official (the tub-shaped Miss O'Neill), a travel-brochure setting.

Only in a truly ingenious - and funny - dinner scene, where the masquerade starts fraying right there in front of the neighbours, does wit usurp weariness. After that it is back to pounding the predictable plot. The cops stake out the next-door quarry; the dog stakes out the next-door cat; Dreyfuss stakes out the flaky Estevez; the audience, picking up the habit, stakes out the exit sign.

A Crypto-Christmas concert

Monday's concert by the Orchestra of the Age of Enlightenment was one of those that, with not only Corelli's "Christmas" Concerto, but the secular cantata by Bach that he would soon cannibalise for his Christmas Oratorio. The sentiments of the original cantata, however, were hardly seasonal; and in this performance they began to seem downright queer.

"Hercules auf dem Scheidewege", BWV 213, was one of those occasional baroque economic designs both to honour a royal patron, and to urge him along virtuous paths. In this case, he was the frail, crippled Prince Elector of Saxony, and the occasion was his eleventh birthday (I am drawing on Nicholas Anderson's programme-note). To inspire him, Picander's fairly awful text represented the hero Hercules at a "crossroads" where he must choose between *Wollust* (baseless sensuality) and *Tugend* (virtuous decency). He chooses, triumphantly signalled from the start, is of course *Tugend*, whose voice joins him in a climactic duet of surrender.

But most of us know this duet well from the Christmas Oratorio, where soprano and bass - with obligato twin oboes d'amore - give thanks for divine mercy; it was disconcerting to hear it from the mouths of a male alto (Hercules) and a tenor, with an androgynous pair of violas, to quite different words: "I am yours, I am yours. I kiss you, oh kiss me, etc". Especially since *Wollust* had been so sweetly and subtly impersonated by the soprano Barbara Bonney - though Paul Agnew's *Tugend* was fervently upstanding, and for the young Hercules Ralf Popken's ultralegible line was expressive to the point of exasperation.

Forswearing any speculation about male-chorister life in 1730s Leipzig, we may prefer the "Christmas" adaptations of most of this music that Bach made the next year. All due thanks, nevertheless, to the veteran conductor Gustav Leonhardt for re-animating the original score and for an engaging, characterful performance earlier of the "Coffee" Cantata BWV 211, with Agnew as narrator, Bonney as the coffee-addicted daughter and David Wilson-Johnson as her despairing father. If his light, dry bass lacked the substance for ripe comic effect, he acted hard to compensate; in fact Bonney's soprano too has lost the fresh bloom that we first admired in her *Rosenkavalier* Sophie, though her mature art is delightful.

The Corelli sounded uncommonly refined, in beautifully graded hues of grey. Exploiting the range of their period-style bowing, the OAE strings were more searching and delicate than ever. Still, this evergreen "Christmas Concerto" is actually a *concerto grosso* with a prominent duo of solo violins: would Corelli's Roman band really have been led by such mild, soft-grained, self-facing players? Impeccably musical though they were - as we heard here?

David Murray

A Perfect World, starring Clint Eastwood, is set in Texas in 1963. Your starter for ten and no conferring - what famous event also took place in Texas in 1963? And are Eastwood and Costner doomed to spend the rest of their lives re-living it or referring to it?

Eastwood, you recall, was a guilt-ridden ex-security man at Kennedy's motorcade in *In The Line Of Fire*. And Costner, just before fooling us a little by playing a guilt-ridden ex-security man for Reagan in *The Bodyguard*, played Dallas assassination investigator Jim Garrison in *JFK*.

Hollywood likes to type-cast its leading men - this saves the audience brain fatigue - so the command went out to the two stars of *A Perfect World*. "Stay your clocks at 1963! But this time, guys, the action takes place two weeks before JFK's visit, which is just a distant symbolic stormcloud. At least, that's what the screenwriter John Lee Hancock is telling me right now in my earpiece."

And the story? Kevin is an escaped convict driving across Texas with a fatherless seven-year-old as hostage (T.J. Lowther) and his kind, well, becomes the boy's surrogate Pop. And Clint is the grizzled, seen-it-all-before lawman - same part as usual - who pursues Kevin in a loaned-out gubernatorial campaign bus.

A what? Well, you see, Governor John Connolly, the Dallas survivor who died this year, is semi-fictionalised here as an electioneering fustoot interested only in getting his battle-bus back unscratched. (*De mortuis nil nisi fabulam*). But an hour into the film, guess what? The bus is smashed up in the chase! What

incarnate, threatened his worst. Plots, characters, jokes, very little has changed. It is also quite acceptable that most pantos feature at least one audience-pulling star of an Australian TV soap; they come over by the plane-load for the chance of trying their hand at acting - and a percentage of the box office take. A century ago music hall stars like Dan Leno and Marie Lloyd were hired into panto, and a generation ago it was the turn of pop stars like Cliff Richard and Cilla Black to spend their

Christmas on the boards. Of course some adjustment is necessary to incorporate Kristian Schmid (formerly of *Neighbours*) into the Orchard Theatre, Dartford, or Stefan Dennis (currently of *Neighbours*) at Wimbledon, or Ray Meagher (of *Home and Away*) at Woking, or home grown scappers like Nick Cotton (*Eastenders*) at Croydon, and Seeta Indrani (*The Bill*) at Wycombe, and so on. The Australians especially are not always up to carrying off Aladdin or Cinderella so they tend to end up, like Schmid and Dennis, as Idle Jack in *Jack and the Beanstalk*. The more seasoned TV stars, like Graham Bickley of *Bread*, can cut the mustard as Aladdin (at Woking), but it means that we get a cheeky man playing the role rather than the saucy girl of Christmas Past.

Antony Thorncroft finds tradition flourishing and the young audience loving it

Christmas on the boards.

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There are pantos which still offer the frisson of thunder thighs, strapping lasses courting each other like mad (I was much struck by Bromley's *Cinderella*, which fielded Elizabeth Watts as a diminutive Cinder being chatted up in turn by Sophie Corbett as Dandini and Lisa Hollander as Prince Charming), but there is a danger that panto is becoming sensible.

Perhaps the biggest criticism after taking in half a dozen pantos on the fringe of London is that pantomime is unaccept-

able to political correctness. There is a blandness about many of the cavortings. Evil is played down so that the agreeable sensation of fear, and the relief at the triumph of good, hardly featured. There is a concentration on spectacle and the familiarity of safe routines (the cast cannot wait to get into the "Oh, no you can't", "look behind you" audience responses). There is also a profound disapproval of good old fashioned smut. Alice no longer sighs "almost midnight and still no Dick", in *Dick Whittington*; Dames are allowed a little nostalgia about their long lost sex life, but now concentrate on their costumes and slapstick. The overwhelming impression was that pantos are aimed at children, specifically at girls between the ages of three and eight.

Certainly watching the faces

of these neat little spectators, often a giggle of Brownie packs or school parties, remains one of the joys of the adult pantogoe. They still rustle noisily during the love songs and the exposition of the plot; they are still totally captivated by the magical effects and the moments when the hero or heroine is in danger. They enjoy most the sweet throwing; the chance to go on stage; watching other little girls from the local dance academy do their bit; and any animal that takes to the stage. They are a spontaneous, extroverted, whole hearted audience.

All the pantos seem to offer excellent value to their audiences. The scripts could be wittier and make more use of local jokes but there were few signs of skimping, apart perhaps at Stratford East where *Red Riding Hood* had a slightly makeshift air. Apart from mild regrets about the freezing out of some Principal Boys and the preference for the squeaky clean over the good old fashioned English innuendo, my only criticism is that less use is made of popular contemporary songs. This is a pantomime tradition but now listless, newly composed material is often favoured over the latest hits.

But in the main pantomime has smartened up its act. There are few references to television commercials, indeed to the day's events, Mr Blooby pops up, as does Prince Charles, but the time when panto was just an excuse for top stars or comedians to perform their usual routines while



Kevin Lloyd of The Bill threatens his worst as the demon Blackspider in "Jack and the Beanstalk" at Wimbledon

the panto proceeded unsteadily around them seems to be over. Tradition rules.

Here are some memories of pantos 1993-94. The beguiling Ronnie Corbett as Buttons at Bromley, bringing the first act to a triumphant conclusion with his dying swan ballet routine. Tudor Davies as a vigorous non-camp Dame at

Wimbledon and Danny La Rue managing to be both motherly and nostalgically rude as Widow Twankey at Woking, a panto which also contains a sweet voiced Alison Young as the Princess; Hugo Myatt as a convincingly straight villain at Dartford and Alan Cowan as a pleasingly theatrical Wolf at Stratford East.

Perhaps panto is a little too pleased with itself these days. The barriers have been lowered between performers and audience and this can create self-indulgence among the cast. But it remains a vigorous dramatic tradition, confirming for millions that a visit to the theatre can be a magical experience. Roll on next Christmas.

INTERNATIONAL ARTS GUIDE

ATHENS

Megaron Martin Haselböck inaugurates the concert hall's new organ tonight in a programme featuring the Athens State Orchestra. Haselböck also joins La Camerata on Sat and Sun for a concert of music by Handel and Bach. Dec 26-28: silent Charlie Chaplin films with piano accompaniment by Stuart Oderman (01-722 5511)

BARCELONA

Gran Teatre del Liceu Aterballetto gives performances of a two-act ballet by Amedeo Amodio dated from Dec 27 till Jan 3, except New Year's Eve and New Year's Day. The next opera production is *Mathis der Maler*, opening Jan 20 (tel 412 3532 fax 412 1198)

Information and booking available through Caixa Catalunya from 08.00 to 14.00 (310 1212)

BOLOGNA

Teatro Comunale The next

production is *L'italiana in Algeri*, opening Jan 9 with a cast headed by Bernadette Manca di Nissa, Rockwell Blake and Michele Pertusi (Biglietteria, Ente Autonomo Teatro Comunale di Bologna, Largo Respighi 1, 40126 Bologna. No telephone bookings accepted. For information, call 051-529999)

LONDON

THEATRE

- Macbeth: Derek Jacobi returns to the Royal Shakespeare Company in a new production directed by Adrian Noble. In repertory till Feb 26, thereafter transfers to Stratford (Barbican 071-638 8891)
- *Wildcat Dreams*: the London premiere of Alan Ayckbourn's dark comedy, first seen in Scarborough in 1991. Ayckbourn himself directs this production for the RSC (Barbican 071-638 8891)
- Cabaret: Sam Mendes directs one of the great modern musicals, with Jane Horrocks as Sally Bowles and Alan Cumming as Emcee at the Kit Kat Club (Donmar Warehouse 071-867 1150)
- *The Wind in the Willows*: Alan Bennett's adaptation of Kenneth Grahame's magical animal tale is back for a Christmas run at the award-winning production. No performance tomorrow or Sat (National 071-928 2252)
- *Angels in America*: the two parts of Tony Kushner's epic contemporary drama can be seen on separate days in the Coliseum over the holiday period, in repertory with a touring production of Brecht's *Mother Courage*. No performance

tomorrow or Sat (National 071-928 2252)

- *Moonlight*: Ian Holm and Anna Massey in Harold Pinter's new play against a sour civil servant who rages against his approaching death, unarmoured by his family (Comedy 071-867 1045)
- *Medea*: Diana Rigg's performance in the Euripides tragedy won her the 1993 Evening Standard Actress of the Year Award when this production first appeared at the Almeida (Wyndham's 071-867 1116)
- *Relative Values*: Noel Coward's comedy in a transfer of the Chichester Festival production directed by Tim Luscombe, with Susan Hampshire and Alison Fiske (Savoy 071-836 8888)
- *A Christmas Carol*: Patrick Stewart stars in his own adaptation of Charles Dickens's classic Christmas tale. Previews from next Mon, opens next Wed (Old Vic 071-828 7616)
- *Crazy for You*: a lavish romantic musical based on the 1930s hit *Girl Crazy* (Princes Edward 071-734 8951)
- *Plat*: Elaine Page stars in Pam Gems's musical play about the life and times of Edith Piaf. Directed by Peter Hall (Piccadilly 071-867 1116)

For ticket information about West End shows, phone Theatreline from anywhere in UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962. Most London theatres are closed on Christmas Eve and Sunday.

DANCE/MUSIC
Covent Garden The Royal Ballet

has Peter Wright's production of *The Nutcracker* tonight, Dec 27, 28, 31, Jan 1, 3 and 5, Dec 29, 30, Jan 4: choreographies by Ashton and Balanchine. Jan 6: revival of Kenneth MacMillan's production of *Romeo and Juliet*. The next Royal Opera production is *Carmen*, opening on Jan 21 with Deryce Greaves and Neil Shicoff. No performances tomorrow or Sat (071-240 1066)

Coliseum ENO has a new David Pountney production of *Smetana's The Two Widows*, conducted by Adam Fischer and designed by Mark Thompson, with a cast led by Marie McLaughlin and Anne-Marie Owens (next performances tonight, Dec 30, Jan 6, 8, 12, 15, 18 and 20). Repertory also includes *Lohengrin* and *Die Fledermaus*. No performances Dec 24-28. Handel's *Xerxes* is revived on Jan 14 (071-836 3161)

South Bank Centre English National Ballet presents Ben Stevenson's production of *The Nutcracker* daily till Jan 22, except Christmas Day and Sundays (071-928 8800)

MILAN

Teatro alla Scala Tonight: final performance of *La Vestale*. Dec

31: Nureyev's production of *The Nutcracker*. Jan 3: Luciana Serra song recital. The next opera production is Prokofiev's *Flyer Angel*, opening Jan 14 (02-7200 3744)

NAPLES

Teatro San Carlo The next production is *La traviata*, opening Jan 15 in a production conducted by Maurizio Arena and staged by Sandro Sequi, with a cast headed by Giusy Devini and Vincenzo La Scala (081-797 2331)

PALERMO

Teatro Massimo The opera season begins on Jan 4 with Roberto Devereux, conducted by Gianandrea Gavazzeni and staged by Alberto Fassini, with a cast led by Denia Gavazzeni Mazzola and Pietro Ballo. Repeated Jan 7, 9, 13, 16, 19, 22 and 25 (091-6033 315)

PRAGUE

Smetana Hall Bohumil Kulinsky conducts Barbini di Praga in two Christmas Day concerts. Martin Turnovsky conducts Prague Symphony Orchestra in a New Year's Day concert featuring Tchaikovsky's First Piano Concerto (Igor Ardashev) and Janacek's Sinfonietta (02-232 2501)

Prague State Opera On Christmas Day, there is a matinee performance of *Cost ten tute* followed by *Tosca* in the evening. On Boxing Day there are matinee and evening

performances of *La traviata*. Dec 28: Nabucco. Dec 30, 31, Jan 2: Die Fledermaus (02-265353)

National Theatre Repertory over the holiday period includes *The Bartered Bride*, *The Makropoulos Case* and a new production of *Dvorak's The Jacobin* (02-205364)

Estates Theatre Next Mon, Wed, Thurs: *Die Zauberflöte* (02-228555)

TURIN

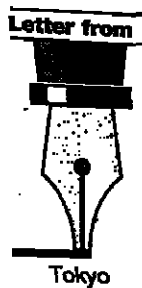
Teatro Regio Tonight: Pincas Steinberg conducts final performance of Luca Ronconi's production of *The Makropoulos Case*, with Raina Kabaivanska. The next production is *La forza del destino*, opening Feb 15 (011-881 5214)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
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Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Tokyo

On the night before the night before Christmas, believers in the Science of Happiness will gather in the Tokyo Dome, scene of baseball games in season, stadium-style rock concerts and the occasional trade fair.

They will come to listen to Ryuho Okawa, founder of the religion and former office worker, who will deliver a sermon on the Neo-Japanese Dream, his vision that late 20th-century Japan has been chosen as the site for an international spiritual renaissance.

Mr Okawa, who still has the look of the salaryman and lacks a firm handshake, is one of many gods crowding into the Japanese pantheon. The Science of Happiness (or *Kofuku No Kagaku*) regards Jesus as an early prophet, providing reason to genuflect at Christmas, though a nativity scene depicting events of 2,000 years ago can hardly compete against a sports stadium filled with 50,000 of the faithful and a man they believe to be a god.

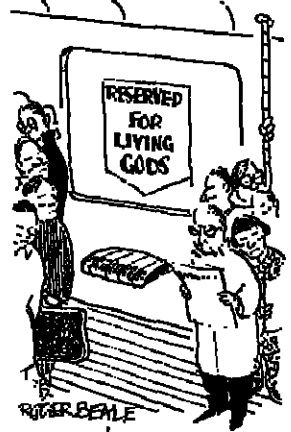
The sudden rise of Mr Okawa's religion, which claims more than 5m followers and has ambitions to convert all Japanese, is seen as a popular reaction against the spiritual poverty of material wealth, though the Christmas antics of young Japanese suggest that materialism still has drawing power.

Christmas eve is supposed to be spent in the company of that special friend, for whom the ¥100,000 act of devotion is a supper show, a hotel room overlooking Tokyo Bay, and a pendant, diamond ring or otherwise prominent piece of jewellery.

Well-prepared couples will have taken a pre-Christmas tour to an amusement arcade, Mirumura, where they stumbled through a mirror maze, and sought advice from computerised fortune tellers about the suitability of their partner. Recession has made "Christmas At Home" a popular theme in Japan, but the emphasis is still on romance and consumption. Present-giving to children, not traditional in Japan, is socially acceptable, and the Christmas card has acquired a creeping popularity.

Most of the card scenes are of snowmen and Santa rather

O come all ye faithful



than the arrival of the wise men or the radiant babe in manger. One card claiming to "provide energy for the year ahead" comes with a compact disc that supposedly sends "subliminal messages" through a selection of songs including *White Christmas* and *Silent Night*. A homegrown hamburger chain, Mos Burger, believes that this is the season to be amused by puns, as munchers are told to have a Merry Xmas.

Indulging in a Christian festival can be done without violating the doctrine of Shinto, a religion or folklore which allows the devout to observe other faiths. It is a mark of Japanese tolerance that 49 new religions were registered last year, bringing the country's total to 5,898.

Shinto is flexible enough for the Emperor to have been deified and debunked over the past century, and gradually redefined in the minds of a minority of Japanese over the past few years without undermining the popularity of festivals with origins in the planting season and the harvest.

It also allows Japanese companies to pursue the cause of materialism with enthusiasm while maintaining a shrine on the roof of their headquarters.

But the stripping away of Emperor Hirohito's supernatural powers at the end of the second world war left a vacancy that others rushed to fill. In 1945, a Yamaguchi farm-

er's wife declared the "first year of God's Kingdom", and spread the word of what was known popularly as the "Dancing Religion" for its ceremonial use of dancing. Born Sayo Kitamura, she became Ogamiama and travelled the world, urging all to "rid yourself of selfishness, polish your soul and become a true human being", a creed still followed by an estimated 650,000 people.

Mrs Kitamura described herself as a living god. But other self-appointed deities are coy about their status and rely on the faithful to draw the conclusion that, for example, Daisaku Ikeda, leader of Soka Gakkai, a lay Buddhist movement claiming 8m members, is more than a mere man. An unseemly argument within the movement, has stained his halo. Mr Ikeda has been "excommunicated" by the monks who claim to be guardians of the faith; the monks, in turn, are accused by Mr Ikeda's assistants of "madly playing golf and living spendthrift lives".

Another reason for the spread of new religions and the sudden popularity of hypnotism and seances is believed to be the weakening of ties between company and employee. Instead of worshiping daily at the house of Mitsubishi or Matsui, disillusioned employees are said to be seeking satisfaction elsewhere, swapping the blue suit for monk's garb or dabbling in the supernatural or taking in mass on Christmas Eve.

Perhaps the most or least appropriate place to spend Christmas in tolerant Japan is Shingo, a village in the northern prefecture of Aomori, which claims to be the last resting place of Jesus. The locals say they have uncovered evidence that Jesus' younger brother was captured and crucified, while he escaped, finally seeking refuge in Japan, where he married and fathered three children.

Having created the legend, the Shingos are cashing in on it. They have produced "Christ village" sake and rice crackers in recent years, and arranged an exclusive appearance by Santa Claus this Christmas. The villagers are haunted by neither Christian guilt nor eastern shame, and all are welcome.

Robert Thomson

Movie of the Year", trumpeted the front cover of *Newsweek*. "The most demanding and emotionally overpowering American movie in years", said *New York* magazine.

Schindler's List, the true story of the rescue of 1,200 Jews from the Holocaust by a raffish German industrialist, opened in US cinemas last week to superlative reviews, capping a year of extraordinary achievement for producer-director Steven Spielberg, Hollywood's master showman. *Jurassic Park*, his film about dinosaurs rampaging through a theme park which opened in the US and Europe last summer, has taken more than \$60m in worldwide box office receipts so far, making it the most successful movie of all time, breaking Spielberg's own 1982 record of \$700m with *ET*. Now *Schindler's List* is bringing him the artistic recognition that a succession of blockbuster adventure films has not achieved, and it might even win him his first "best director" Academy Awards Oscar.

Spielberg's remarkable year is one of several factors making the mood in Hollywood more optimistic this Christmas than for several years - even though the industry still faces some formidable challenges.

First, 1993 has been a good year at the box office. US cinema receipts are likely to be some 10 per cent higher than in 1992, thanks in particular to *Jurassic Park* (from Universal Studios), but also to hits such as *The Fugitive* (Time Warner) and *The Firm* (Paramount).

Despite a relatively weak Christmas film line-up, the US grosses could top 1992's record \$5bn, and several leading studios are planning significant production increases in 1994.

The US box office - which has hovered just above or below 1bn admissions a year since the 1960s - now accounts for less than 20 per cent of Hollywood revenues, thanks to the growth of the video rental market and showings of films on TV. However, US cinema receipts are still an important, though not infallible, gauge of how well films will do in the video market and overseas.

Second, the industry has been electrified by the \$10bn takeover battle that has raged for the past three months around Paramount Communications, owner of one of the last big Hollywood studios not affiliated to a multinational or multi-media conglomerate. It will be the most important shift in Hollywood ownership since two takeovers by Japanese electronics groups at the start of the decade - Sony's \$3.4bn acquisition of Columbia Pictures and Matsushita's \$50m takeover of the MCA group, which owns Universal Studios.

Hollywood has had a bumper year of hits, but competitors are catching up, says Martin Dickson

Clouds spoil a starry horizon

The Japanese bids were based on the theory that entertainment "software", such as films and records, and "hardware", or the equipment on which they are displayed, were becoming increasingly interdependent. That argument remains unproven, though America's rapidly advancing communications revolution - bringing the promise of multi-media, interactive, home TV-based entertainment - makes it look rather more plausible.

The battle for Paramount - between cable company Viacom and television shopping group QVC Network - has already produced bids well in excess of what most Wall Street analysts think the company is worth, as did the Japanese deals before it.

The bidders are gambling that the price of scarce Hollywood assets will rise, because of the central role the industry is expected to play in the multi-media revolution, bringing with it many new television channels. "The demand for content is going to be astronomical," predicts one leading Hollywood figure. "Demand will far outstrip supply."

The same thinking lies behind the industry's other recent significant takeovers - the purchase of independent studios Castle Rock Entertainment and New Line Cinema, by Mr Ted Turner's television empire, Turner Broadcasting System, for \$67m.

A third reason for optimism is that Hollywood's revenues are growing particularly fast in international markets - a fact underlined by this month's row, in the final stages of the Gatt Uruguay Round negotiations, over US demands that its audiovisual products be granted freer access to the European market. The two sides decided to put the issue to one side, for later resolution.

Veronis, Suhler, a New York investment bank, forecasts that while US spending on filmed entertainment will rise at an annual average of about 7 per cent to 1997, Hollywood's international sales will grow by 12 per cent and make up just over 50 per cent of the sector's revenues by 1997, compared with 38 per cent in 1992. Reasons for such optimism - and the increasing ties between US and foreign entertainment companies - include the rising number of households with video cassette players; the renovation of old "leapfrog" movie theatres or construction of new "multiplex" cinemas in countries such as the UK; the growth of satellite broadcasting; and the increasing penetration of western culture into former communist countries and the newly industrialised nations of Asia.



Schindler's List is bringing Spielberg (inset) artistic recognition

Many US films already do much better abroad than in the US. For example, *Silver*, a thriller from Paramount starring Sharon Stone, got poor reviews in the US early this year and brought in only \$38m of domestic box office revenues. Yet it has produced over \$70m internationally. *Jurassic Park* has grossed \$25m in the US and \$57m abroad.

However, Hollywood's outlook is hardly unclouded. For one thing, rising production and marketing costs in the 1990s mean the industry's operating margins - net operating income as a percentage of revenues - have gyrated in recent years between 7 and 10 per cent, well below the 14-17 per cent enjoyed in the 1970s. The industry's profits have recovered over the past two years since 1991, when box

office receipts fell sharply, thanks to a crack-down on costs. But some analysts worry that plans to ramp up production next year will boost its costs without a commensurate rise in revenues and profits.

Many also argue that Hollywood has become too dependent for its profits on a small number of blockbusters with expensive special effects, a handful of costly superstars, and high marketing costs.

This increases the financial risks from flops (seven out of 10 Hollywood movies generally lose money) and makes it harder for smaller, independent studios to raise the capital needed to compete against the leaders - producing a consolidation of the industry.

The increasing importance of the international market seems likely to encourage the blockbuster trend, since global audiences can relate more readily to established stars and dramatic special effects.

Some sceptics even question whether the interactive home entertainment revolution will be a boon to the industry. For one thing, it may be further off than its proponents predict. And it may simply shift film consumption patterns - for example, from video rental to pay-per-view TV films - rather than increase the number of hours people spend watching movies and TV shows.

Crystal-ball gazing aside, the large Hollywood studios are bracing themselves for a much more immediate challenge: increased competition in an area they have dominated for the past few decades - prime-time network television shows.

A recent court ruling relaxed a ban that had prevented the big three television networks - ABC, NBC and CBS - from owning a financial interest in most of their prime-time programmes, and they are gearing up to increase their output, though their past record at producing hits has been mixed.

The court ruling also makes it more attractive for Hollywood studios to merge with the television networks, and some analysts predict deals will be struck in the next few years involving each of the big three.

Rumours also persist that Sony or Matsushita might seek outside partners for their studios, which have yet to produce a strong return on their Japanese parents' investments. The Paramount battle, in other words, marks just the latest stage in a Hollywood marital soap opera that has a long way to run.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

All lottery profit should go to good causes

From Mr Richard Branson.

Sir, To reply to your editorial, "Charity lottery" (December 20), we have been planning our bid for the national lottery since 1988 as a result of a visit to the Irish Republic, where charities, sport, theatre and the arts all benefit from the lottery. I was one of a number of businessmen who, as a result of that visit, offered our business skills to set up and run a national lottery for worthwhile causes.

In almost every other country and state in the world this is exactly how the national lottery is run. A group of managers - some with lottery experience - is appointed directly by the government to set up the

lottery. It is a myth to think that it is a particularly difficult company to set up. It is no more difficult to set up and run than, say, an airline is. The difference is that the national lottery is, in effect, a licence to print money.

Any good, competent business managers drawing on the right expertise can run and promote it. Almost any of these groups which have put their names forward would be quite capable of running it. This is not a particularly entrepreneurial venture. Therefore, the question that needs to be asked is: is it really necessary to add an extra layer of shareholders, over the managers, who can sit back and cream off hundreds

of millions of pounds of profit that could otherwise be going to good causes?

Furthermore, there will be millions of people in Britain who will have a flutter every week on the national lottery hoping to become millionaires. However, we believe - and believe we will be able to prove conclusively to the director of Olot - that many of these same people will be happy to spend a pound or two more a week if they can be assured that all the profits are going to charity. As the former speaker of the House of Commons, Lord Tonypanady, said: "As a matter of principle I wanted nothing to do with the national lottery. I, along with many oth-

ers, disagree with gambling. However, with all the profits going to good causes, I'm not only happy to change my mind but to become a trustee of the Lottery Foundation. I might even have a flutter myself." We believe that there are hundreds of thousands of people who will participate more fully with a lottery designed to maximise the take for charitable causes.

We are not only saying this, I, together with others, am willing to devote considerable time and sums of money (with no wish for any return) to prove this to be the case. Richard Branson, The Lottery Foundation, 11 Holland Park, London W11

Legal means not best way to deal with late payers

From Mr Gerald Frankel.

Sir, You are right to point out that, while a legal right to interest may help resolve the growing problem of late payment, suppliers will always be wary of using the legislation for fear of antagonising purchasers ("Flaws in the German model", December 21).

In this respect, Financial Times readers might like to consider some ideas recently put forward by the Labour party in its consultative document *Into the Growth Corridor - Helping Small Businesses to Succeed*.

This suggests several measures which could be considered before legislation. Public sector organisations could be required to pay within 30 days

or pay interest on the outstanding amount; public companies could be required to identify and publish their payment practices in their annual report.

In addition, the introduction of a code of practice on the payment of debts could be made a requirement for companies achieving quality standards such as BS 5750.

The introduction of legislation would be considered only in the light of the results of these actions.

Gerald Frankel, chair, small firms study group, Labour Finance & Industry Group, 11 D'Arbury Street, London W1V 3FP

All knotted up with too much legislation

From F K C Pike.

Sir, Thank you for printing the article "Trapped in a Company Flat - The Leasehold Act is creating a two-tier property market", by Caroline Garrahan (Finance and the Family, December 18).

This demonstrated admirably the tangle that is being created by current legislation; not all that different from the work of a kitten with a ball of string.

Economists think that the economy is driven by market forces, but growth is a function of the ability to do things without the burden of tax advisers, investment managers, pension fund administrators, solicitors and specialists on current EU legislation. It is even tough being the

beneficiary of a will. The administrators send you a letter giving you the good news and some four months later you get a cheque for half the amount. It is good fun (for some) trying to get an explanation from a solicitor who has made a mistake!

Oh for the simple life, when laws could be read and understood by all (as in the Ten Commandments) and we did not have to pay for the advice which we did not need and at rates that we could not afford.

F K C Pike, Knighton House, Ferry Road, Studland, Dorset BH19 3AQ

Economic model not understating impact of tax changes

From Mr Kenneth P Wallis.

Sir, You have recently given publicity ("Tax 'law' may trip chancellor", November 15) to the claim by Douglas McWilliams, of the Centre for Economics and Business Research, that models of consumers' expenditure of the type conventionally used by the authorities have a serious flaw, which leads them to understate the impact of tax changes on the economy. Instead, he says in his recently published study, "a change in income tax rates will affect consumers' expenditure by approximately twice

the amount estimated by conventional models such as those used by the Bank of England, the Treasury..."

The estimate given by CEBR of the impact on consumers' expenditure in the Bank model of a 1p rise in the basic rate, namely a reduction of 0.14 per cent, does not accurately reflect the properties of that model.

Nor, for that matter, does it accurately describe the Treasury model, which has been the recipient of most of the adverse comment. The correct way to estimate the economy's


response to a policy change is through a simulation exercise on the model in question. On doing this with the versions of the models released to us by the Bank and the Treasury (the Treasury's model is publicly available) we find that the corresponding figures are in the range 0.5 to 0.7 per cent, depending on the definition of consumers' expenditure that is used.

CEBR's preferred figure, in the range 0.25 to 0.34 per cent, is itself a considerable underestimate. Hence its claim, based on its figures, that the

official models understate the impact of tax changes, is incorrect.

Observer ("Younger model sought", November 29) described Douglas McWilliams' finding as "an embarrassing flaw" in the Treasury model. Treasury and Bank officials need not be embarrassed at all by this allegation.

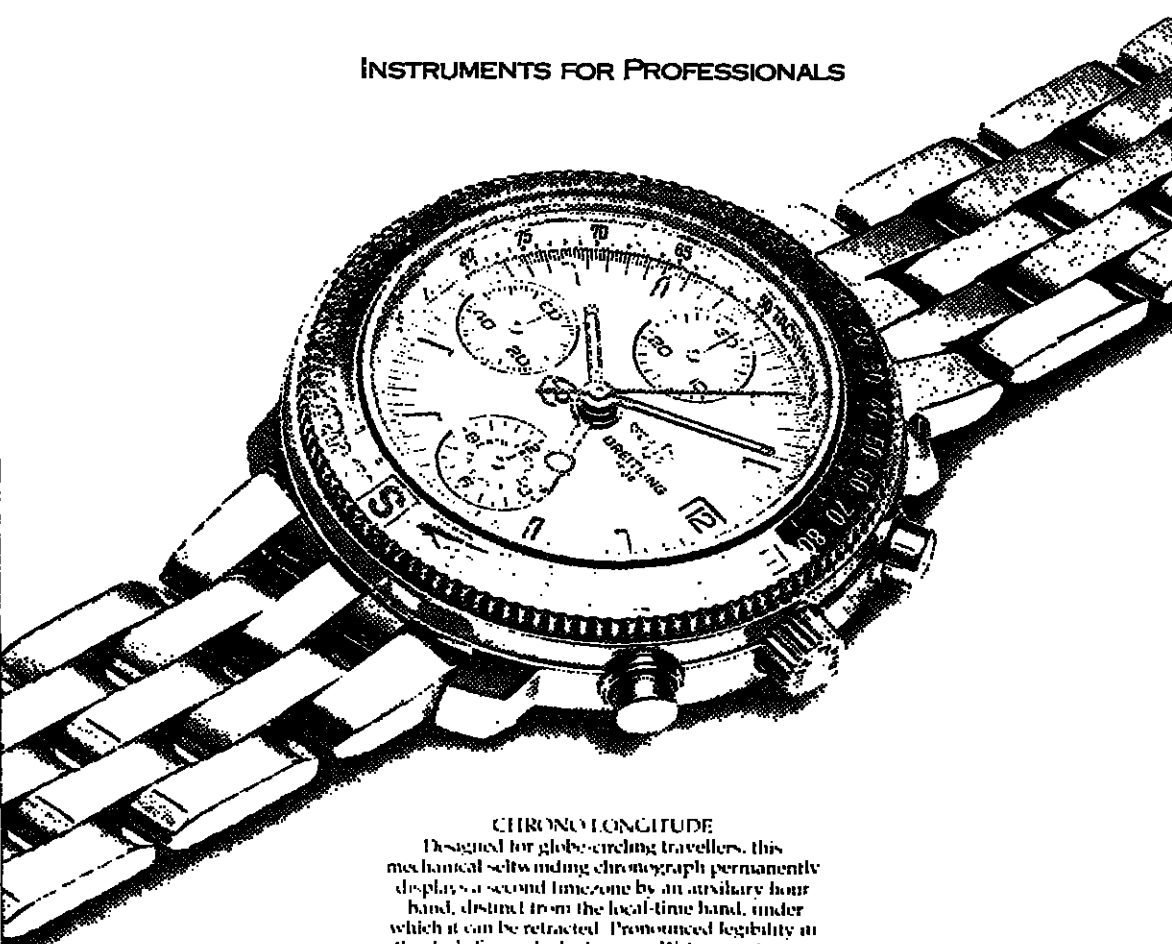
Kenneth P Wallis, director, ESCR Macroeconomic Modelling Bureau, University of Warwick, Coventry CV4 7AL



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كندا والى

Bosnian factions turn down last chance of settlement this winter

By Lionel Barber in Brussels

LEADERS of the warring parties in former Yugoslavia yesterday agreed to a Christmas truce, but European Union-led efforts to achieve a wider breakthrough remained deadlocked over Bosnian Muslim claims for more land to create a viable, independent state.

The Belgian presidency of the EU blamed Mr Radovan Karadzic, the Bosnian Serb leader, for intransigence at the end of the peace talks in Brussels, which were widely seen as the last chance for a political settlement before the end of winter.

Mr Willy Claes, Belgian foreign minister, said Mr Karadzic had delivered a "flat no" to a request to reopen Tuzla airport in order to allow humanitarian aid to resume.

Mr Claes also suggested that

Bosnian Serbs were still pressing for a division of Sarajevo, despite the fact that the future status of the multi-ethnic Bosnian capital was "of paramount importance" to a lasting peace settlement.

Negotiations were continuing last night in Brussels under the guidance of Lord Owen and Mr Thorvald Stoltenberg, the two international mediators. Also present was Mr Slobodan Milosevic, Serb president; Mr Franjo Tudjman, Croatian leader, and Mr Mate Boban, his Bosnian proxy.

Lord Owen and Mr Stoltenberg were trying to expand on "points of agreement" reached yesterday between the warring parties, notably the principle that the Bosnian Muslims were entitled to one third of the territory in the former Yugoslav republic of Bosnia.

Mr Klaus Kinkel, German foreign minister, said the issue turned on "the quality, rather than the quantity of land" claimed by the Muslims. He and other officials singled out several areas of difficulty.

● Bosnian demands for land corridors linking Sarajevo to the enclaves to the east, including Bihac, Zepa and Srebrenica. The Muslim claims also cover Gorica to the west which Muslims say fell victim to Serb atrocities.

● The status of Sarajevo. Europeans would like to avoid dividing the Bosnian capital on ethnic lines, preferring instead administration under a United Nations mandate lasting around two years. The Serbs are resisting.

● Bosnian demands for access to the Adriatic sea, either to the north or to the south at Neum. Croats are prepared to discuss

sharing sovereignty or joint administration, but broad differences exist over land corridors to Neum.

Mr Claes said a measure of progress had been made during the talks yesterday, and the shelling was now likely to stop during Christmas. But he made no attempt to disguise his disappointment that all parties had failed to compromise. "It is an old story. The glass is half empty or half full, you choose."

The Belgians repeated warnings that the EU was ready to tighten sanctions against Serbia if it was clearly responsible for a breakdown in the peace talks. But diplomats said the Europeans did not mention earlier threats to withdraw their peace-keeping troops.

Elections weaken Milosevic's grip on Serbs, Page 2

Big US firearms retailer turns to catalogue sales after spate of lawsuits

Wal-Mart stops stocking handguns

By Richard Waters in New York

Wal-Mart, the discount retailer which is one of the two biggest sellers of guns in the US, is to stop stocking handguns in its stores from next February.

It will continue to sell the weapons through catalogues, though, and rifles and shotguns will still be available in the 700 of its 2,000 stores across the country which currently sell firearms.

Wal-Mart said the decision to take handguns out of its stores reflected unease among customers. "The majority of them feel uncomfortable with being in a store that sells guns," it said.

The decision, which the company says was taken "three or four months ago," comes after a handful of lawsuits against Wal-Mart and discount retailer Kmart, the US's other biggest seller of guns. These allege negligence in the sale of guns by staff who have not been properly trained.

"You might be selling merriment one day and firearms the next," said the Coalition to Stop Gun Violence, one of several pressure groups which have targeted campaigns against discount stores in recent months.

The decision also follows the killing of six passengers on a

Long Island commuter train last month, which has added to pressure for stronger gun controls in the US. Last weekend, two people were killed with an assault rifle in a Wal-Mart parking lot in Oklahoma.

Wal-Mart and Kmart sell between a fifth and a quarter of all rifles and shotguns in the US through their national chains. Figures for handgun sales do not need to be reported, but the discount retailers' market share of such weapons is believed to be broadly similar.

Wal-Mart said that while taking handguns out of its stores, it was not making any changes to

the paperwork or other procedures involved in selling the weapons. It added, though, that there would now be a longer delay between the time a handgun is purchased and when it is delivered.

Wal-Mart faces a lawsuit brought this month by the relatives of a mentally ill man who shot his parents using a handgun bought from one of the company's stores.

In a landmark decision in October, Mr Adams was ordered to pay the victim of a shooting \$12.5m after it was found to be negligent in selling a rifle to an intoxicated man.

Gaidar and reforms stay, Yeltsin says

Continued from Page 1

able to form a "constructive opposition".

No single group will dominate the new parliament, although - as Mr Yeltsin noted - the reformist Russia's Choice bloc, led by Mr Gaidar, will have the most seats in spite of the LDP's success in taking the majority of seats in the half of the lower house elected through party lists.

He said the government would remain in place but would be "seriously reformed" - with the number of deputy prime ministers, ministers and staff cut sharply. Further changes to these already announced in the presidential apparatus would also be made, he said.

● US president Bill Clinton said yesterday he and Mr Yeltsin had discussed their planned mid-January summit in Moscow, the second between the two leaders. In a half-hour telephone conversation,

Bank of Canada chief to step down

By Bernard Simon in Toronto

Mr John Crow, the Bank of Canada governor who has built a reputation as one of the industrial world's most ardent inflation fighters, said yesterday that he would not be available for another term in office when his first seven-year term expires next month.

Mr Crow, 56, who is also chairman of the Group of 10 central bank governors, cited "personal reasons" for his decision.

But the newly elected Liberal government in Ottawa has been under strong political pressure not to offer Mr Crow a second term. While foreign investors and domestic business leaders have strongly backed Mr Crow's anti-inflation crusade, the Bank of Canada's tight money policies between 1988 and mid-1992 are widely blamed for exacerbating the recent recession.

Mr Crow's position was also undermined by a blunt and con-

descending manner, which offended members of the Liberal caucus during their years in opposition.

Mr Crow will be replaced by his deputy, Mr Gordon Thiessen. According to one former Bank of Canada official, the two men's views on economic policy are virtually identical, but Mr Thiessen has a reputation as a more skilful communicator.

The Canadian dollar sank on news of Mr Crow's departure, but recovered to 74.85 US cents in the early afternoon, half a cent above its opening level.

Canadian inflation has dropped from 5.8 per cent in 1991, to 1.9 per cent in the year to November. The commercial banks' prime lending rate reached a peak of 14.75 per cent in mid-1990, but has since tumbled to 5.5 per cent. The government wants to keep annual inflation between 1 per cent and 3 per cent.

Government bonds, Page 14

'No Sinn Féin talks unless violence ends'

Continued from Page 1

time. As Mr Adams repeated calls for talks with London and Dublin to clarify "confusions and contradictions" in the declaration, senior Sinn Féin officials said "direct contact" was now "a vital and essential part of the process."

But after a meeting of the party's national executive committee in Dublin, Mr Caoimhin O'Caolain, a committee member, said he did not believe the peace process was deadlocked.

Yesterday's developments came after The Irish Times reported that Mr Clinton had indicated in a series of written answers to questions posed by the newspaper that the ban on Mr Adams entering the US could be lifted. Mr Clinton was reported to have said that the issue would be kept under review "as the developing situation warrants, especially in light of events flowing from the December 15 joint declaration."

THE LEX COLUMN

Splitting the ENI family

The sale of Nuovo Pignone completes the easiest part of the privatisation of Eni, Italy's state-owned energy group.

Even so, the trade sale of a profitable engineering company has taken well over a year to complete. General Electric of the US was an obvious suitor, since the companies enjoy a commercial relationship in turbines. The involvement of Dresser, Ingersoll-Rand and a syndicate of Italian banks is more difficult to fathom. It is hard to believe that the triumvirate of hard-nosed US corporations will want to endure a minority position for long.

Transferring the larger parts of Eni out of public sector control will require more preparatory work. AGIP in oil exploration and production and SNAM in gas marketing and distribution are attractive enough. AGIP ranks fifth among world oil and gas exploration companies ranked by reserves. But despite promises of restructuring, it seems too much to hope that Enichem might be knocked into shape in time to take part. Its problems are deep-rooted, especially while petrochemicals markets remain depressed. SNAM and AGIP will have to sever their shareholding connections with Enichem before they can be brought to the market.

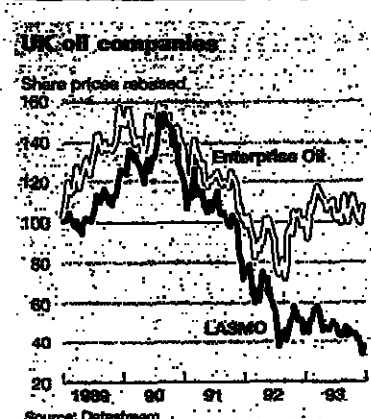
Welding AGIP and SNAM together would create a natural resources company to be reckoned with, but putting a workable management structure in place will also take time. With France due to privatise Elf Aquitaine in the first half of next year, though, allowing international investors to rest between courses may be no bad thing.

UK markets

Worries about weak institutional cash flow this year look, in retrospect, to have been thoroughly misplaced. Overseas investors have proved enthusiastic buyers of UK bonds and equities, while domestic institutions have been surprisingly flush with cash. Yesterday's figures show cash flowing into institutional coffers at a rate of £14bn a quarter. The total net inflow for the year looks likely to exceed £50bn, against consensus forecasts of around £30bn.

The difference is accounted for by stronger than expected sales of single-premium savings products by life insurance companies and a stampede into unit trusts. Savers escaping the dwindling returns on cash are the cause. If interest rates fall again in 1994, sales of equity savings products might gather further momentum at

FT-SE Index: 3355.7 (+13.3)



Source: Datastream

the expense of bank and building society deposits. With pension funds also enjoying stronger inflows, as company contribution holidays come to an end, institutional liquidity could be on an upward trend.

Third quarter figures suggest institutions themselves may have been taken aback by the appetite of retail investors. Around £4bn of short-term assets were accumulated over the summer, around half of that amount by life insurance companies, while purchases of gilts and equities actually declined. Some institutions may have been deliberately building cash reserves to move into property. The more likely explanation is that strong inflows and rising markets caught them flat-footed. The build-up of cash in the summer may then have fuelled the bull market of the fourth quarter.

Lasmo

For once the news from Lasmo is not entirely bad. It has managed to sell a chunk of its Liverpool Bay assets to PowerGen for what appears to be a full price in today's depressed oil market. Since it will also have to spend £56m less developing the field, the deal will cut its gearing by a useful 15 percentage points or so. That will reduce the constraints on its balance sheet as development spending rises to its peak in 1995. Lasmo can live more easily with low oil prices between now and then. And while its Markham field interest remains for sale, the company will be under less pressure to accept a fire-sale price.

Yet the market's indifference to the announcement - its shares rose just 1p to 114p - is a reflection of the fact

that selling off such valuable assets is a mixed blessing. PowerGen is matching the 25 per cent premium for the dollar value of the reserves which it paid to Monument Resources for a smaller stake last month. It evidently recognises the worth of Liverpool Bay.

Lasmo's future share of this lucrative project will be smaller and it is also sacrificing existing cash flow from the Ravenspurn field amounting to some £18m. Nothing in yesterday's announcement changes the basic fact that Lasmo's large debts make it more highly geared to the oil price than most of its peers. The more a weak oil price prompts divestments now, the less it will earn later.

P&O

The cynical way of looking at P&O's disposal of most of its stake in Modern Terminals for £117m is that the company is conveniently realising a capital gain at the end of the year to help pay its dividend. Last year's payout was only just covered and operating profit showed only marginal growth in the first half. So the company needs exceptional gains to justify a dividend which it actually increased as profits fell at the onset of recession. Were that the whole story, the market would scarcely have been justified in pushing up P&O's share price by 1 per cent in response to the sale. There are, however, mitigating considerations.

Since the stake in Modern Terminals was too small to be consolidated or even equity-accounted its only contribution to profits was a meagre dividend flow. The disposal has revealed a hidden value which was not apparent at the operating profit line. If this situation is replicated elsewhere in P&O's balance sheet, the market may have under-estimated its true net worth.

One question, therefore, is how far investors should factor in the scope for capital gains. The answer would be easier if P&O were explicit in its intention to make money out of trading assets. In that case, its dividend would also be smaller, since it would presumably be anxious to conserve resources for profitable investment deals. As it is, the group remains wedded to its cyclical property and shipping businesses, and there is limited transparency to its investment activities. Investors may take some comfort from the possibility of future capital gains. They would take more if the main businesses were generating more by way of operating profit.

FT WEATHER GUIDE

Europe today

Skies will be overcast and rain or snow will fall across much of northern Europe. Winds will increase again over the English Channel and North Sea to near gale force.

Conditions over northern Norway and Sweden will be unsettled.

France will have heavy rain and there will be snow in the Alps above 1100m. The heavy rain may result in some flooding in France and the Low Countries.

Over Spain, Italy and Greece there will be long sunny intervals and light winds.

It will be cloudy in western Turkey while further to the east it will be sunny.

Five-day forecast

Conditions will continue to be rather unsettled over much of Europe. Rain or snow is likely in many regions. Over Scotland and northern Europe, conditions will be fair but cold.

TODAY'S TEMPERATURES

| Location | Temp | Location | Temp | Location | Temp | Location | Temp |
|-----------|------|-------------|------|--------------|------|--------------|------|
| Abu Dhabi | 23 | Amman | 18 | Bahia | 18 | Bahia | 18 |
| Accra | 24 | Bangkok | 28 | Batavia | 28 | Batavia | 28 |
| Algiers | 17 | Bombay | 32 | Bombay | 32 | Bombay | 32 |
| Amsterdam | 5 | Brussels | 6 | Buenos Aires | 20 | Buenos Aires | 20 |
| Athens | 18 | Cairo | 14 | Cape Town | 14 | Cape Town | 14 |
| B Aires | 20 | Colombo | 29 | Colombo | 29 | Colombo | 29 |
| Bham | 10 | Dakar | 26 | Dakar | 26 | Dakar | 26 |
| Bombay | 32 | Dubai | 25 | Dubai | 25 | Dubai | 25 |
| Bombay | 32 | Edinburgh | 16 | Edinburgh | 16 | Edinburgh | 16 |
| Bombay | 32 | Faro | 16 | Faro | 16 | Faro | 16 |
| Bombay | 32 | Frankfurt | 5 | Frankfurt | 5 | Frankfurt | 5 |
| Bombay | 32 | Geneva | 5 | Geneva | 5 | Geneva | 5 |
| Bombay | 32 | Glasgow | 5 | Glasgow | 5 | Glasgow | 5 |
| Bombay | 32 | Hamburg | 5 | Hamburg | 5 | Hamburg | 5 |
| Bombay | 32 | Hong Kong | 21 | Hong Kong | 21 | Hong Kong | 21 |
| Bombay | 32 | London | 5 | London | 5 | London | 5 |
| Bombay | 32 | Los Angeles | 19 | Los Angeles | 19 | Los Angeles | 19 |
| Bombay | 32 | Madrid | 16 | Madrid | 16 | Madrid | 16 |
| Bombay | 32 | Moscow | 5 | Moscow | 5 | Moscow | 5 |
| Bombay | 32 | Mumbai | 28 | Mumbai | 28 | Mumbai | 28 |
| Bombay | 32 | Nairobi | 23 | Nairobi | 23 | Nairobi | 23 |
| Bombay | 32 | Paris | 5 | Paris | 5 | Paris | 5 |
| Bombay | 32 | Porto | 16 | Porto | 16 | Porto | 16 |
| Bombay | 32 | Prague | 5 | Prague | 5 | Prague | 5 |
| Bombay | 32 | Rangoon | 28 | Rangoon | 28 | Rangoon | 28 |
| Bombay | 32 | Riyadh | 16 | Riyadh | 16 | Riyadh | 16 |
| Bombay | 32 | Rome | 14 | Rome | 14 | Rome | 14 |
| Bombay | 32 | Sao Paulo | 21 | Sao Paulo | 21 | Sao Paulo | 21 |
| Bombay | 32 | Singapore | 28 | Singapore | 28 | Singapore | 28 |
| Bombay | 32 | Stockholm | 5 | Stockholm | 5 | Stockholm | 5 |
| Bombay | 32 | Taipei | 19 | Taipei | 19 | Taipei | 19 |
| Bombay | 32 | Tokyo | 13 | Tokyo | 13 | Tokyo | 13 |
| Bombay | 32 | Toronto | 16 | Toronto | 16 | Toronto | 16 |
| Bombay | 32 | Tunis | 16 | Tunis | 16 | Tunis | 16 |
| Bombay | 32 | Vancouver | 7 | Vancouver | 7 | Vancouver | 7 |
| Bombay | 32 | Venice | 6 | Venice | 6 | Venice | 6 |
| Bombay | 32 | Vienna | 8 | Vienna | 8 | Vienna | 8 |
| Bombay | 32 | Warsaw | 4 | Warsaw | 4 | Warsaw | 4 |
| Bombay | 32 | Washington | 17 | Washington | 17 | Washington | 17 |
| Bombay | 32 | Wellington | 17 | Wellington | 17 | Wellington | 17 |
| Bombay | 32 | Winnipeg | 20 | Winnipeg | 20 | Winnipeg | 20 |
| Bombay | 32 | Zurich | 5 | Zurich | 5 | Zurich | 5 |

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مكتبة الامم

INTERNATIONAL COMPANIES AND FINANCE

Ferranti managers plan group buy-out

By Paul Taylor in London

A seven-man team of senior Ferranti International managers is preparing a bid for the bulk of Ferranti's operations. The bid will be put to the defence electronic group's administrative receivers.

The management team, led by Mr Phil Burton, Ferranti's director of marketing, is aiming to put together a consortium early in the new year and begin detailed financial negotiations in February.

"It has become clear to us that, shorn of well-known problems stemming from the ISC acquisition, the group has a

bright future," Mr Burton said yesterday.

The initial proposals envisage the management group teaming up with UK or overseas strategic and financial partners to mount a bid for most of Ferranti's non-manufacturing operations.

It is understood that Ferranti's components business, which makes specialist hardware and sub-systems, would not be included in the bid. Ferranti's highly successful simulation and training business has also attracted considerable interest and may be sold separately.

The management consortium

proposals were immediately welcomed by Mr Murdoch McKillop and Mr John Talbot, the two Arthur Andersen receivers appointed to the ailing group after GEC withdrew a 1p-a-share rescue bid at the start of December.

They said that while stabilising the Ferranti operations, "it has become increasingly clear to us, and the management teams we have been working with, that there are a number of potentially viable long term options for the future of those businesses".

The receivers added that they had been approached by a large number of UK and over-

seas groups that have expressed an interest in acquiring Ferranti businesses.

Explaining the move to form a consortium Mr Burton said a re-born Ferranti would have to be well capitalised and strong enough to compete in the international defence and civil markets. He said these factors put it beyond the reach of an ordinary management buy-out.

Therefore, he said, the management team, which is being advised by Mr Richard Stone of Coopers and Lybrand Corporate Finance, was proposing a consortium bid, "backed by long term players in these nationally important sectors".

State likely to sell Elf in single package

By Alice Rawsthorn

The French government is likely early next year to privatise Elf Aquitaine, the state-controlled oil group, in a single issue, according to Mr Edmond Alphandery, economy minister.

Mr Alphandery said, in an interview with *Le Monde* newspaper, that the government would "most probably" sell its stake in Elf, which is France's largest company with a market capitalisation of over FF100bn, "in one go". It had previously considered selling the shares in two tranches.

However, he stressed the government would wait until the last possible moment to decide how best to structure the sale and the timing of the issue would be determined by stock market conditions. "Elf is a pearl of French industry," he said. "But it's a big mouthful for the market to swallow."

Mr Alphandery also confirmed that 10 per cent of Elf's shares will be allocated to *nouveau dur*, or "hard core" investors.

A number of companies have already been mooted as *nouveau dur* including Banque Nationale de Paris and the Union des Assurances de Paris insurance group, as well as Saudi Arabian and Kuwaiti interests.

The government plans to remain Elf's biggest single shareholder by retaining a 10 per cent to 15 per cent stake in the oil group.

The French state controls 50.79 per cent of Elf, which means the privatisation will involve the sale of a 35 per cent to 40 per cent stake valued at between FF37.4bn (\$6.36bn) and FF42.7bn on yesterday's share price of FF1415.

The success of the Elf privatisation will be seen as an important indication of investors' response to the next phase of the French government's state asset sales.

This year's issues, notably the sales of BNP and the Rhône-Poulenc chemicals company, have been heavily oversubscribed.

Banesto puts off bond issue as ratings are cut

By Tom Burns in Madrid

Banesto, the troubled Spanish financial group which in February entered a capital raising and strategic advice agreement with the US bank J.P. Morgan, has shelved a \$400m convertible bond issue planned before the end of the year.

The delay came as IBCA, the London-based rating agency, lowered its short and long-term ratings of Banesto, from A to A- and from A1 to A2 respectively.

The agency had lowered Banesto's long-term rating in June and its move yesterday followed similar downgrades by Standard & Poor's last week and Moody's in August.

Adding a further controversial note to Banesto's fortunes, Ms Violy de Harper, who as managing director of J.P. Mor-

gan's corporate advisory arm misinterpreted the agreement with J.P. Morgan's Corsair fund, has joined James D. Wolfensohn, the New York investment bank. She will remain an external co-adviser to Banesto.

Banesto was the first target of the \$1.1bn Corsair fund, a portfolio set up by J.P. Morgan to invest in undervalued banks.

The bond issue was to be the third tranche in a programme that has already raised Ptas4bn (\$671m) through new issues which turned the Corsair fund into Banesto's biggest stockholder with 5.16 per cent of its equity. The issue was aimed at lifting Banesto's capital to the level of rival Spanish banks.

Banesto is run by Mr Mario Conde, who purchased shares

worth Ptas4bn in the rights issue, increasing his holding in the bank to 3.1 per cent.

Banesto and J.P. Morgan said yesterday the bonds would be issued next year after the Spanish bank's 1993 results had been fully audited.

This was the first official admission there had been problems over the issue's timing and it fuelled market rumours, staunchly denied by both Banesto and J.P. Morgan, that the delay had been prompted by a disagreement between the two banks which had led to Ms de Harper's departure from the US bank.

Wolfensohn said Ms de Harper was joining the firm as a member of its executive committee and would be the partner responsible for its Latin American and Iberian business.

Fokker set to cut prices by 30%

By Ronald van de Krol in Amsterdam

Fokker, the Dutch aircraft maker controlled by Deutsche Aerospace of Germany, plans a "drastic" reorganisation in 1994 that would lead to a return to profit in 1995.

Mr Erik Jan Nederkoorn, chairman, said in the company magazine the aim of the reorganisation was to cut the cost price of Fokker's aircraft by around 30 per cent over the next three years.

He said the world's airlines were demanding lower aircraft

prices as part of their attempt to survive the fierce competition in international aviation. Mr Nederkoorn cited the US car industry as a sector which had successfully carried out an extensive reduction in production costs.

"It is unrealistic and very dangerous for the continued survival of the company to wait for the market to produce miracles," he said.

Fokker did not say how many jobs would be lost in the latest restructuring round, but details are expected to be released

before the end of February.

The company recently reduced its workforce to around 10,000 people from more than 12,250 at the end of 1992. Dutch trade unions said they expected several hundred job losses at Fokker.

Earlier this year Fokker said its results were expected to swing into a net loss of F1150m (\$79m) in 1993 from a net profit of F1120m in 1992, partly due to the one-off costs of laying off staff.

Mr Nederkoorn said that 1994 was expected to be a "difficult" year for Fokker.

Heineken to buy Swiss brewer stake

By Ronald van de Krol

Heineken, the Dutch brewery group, is to buy a 52.3 per cent stake in Brauerei Haldengut of Switzerland which controls the second-largest Swiss brewer, Calanda Haldengut.

The stake will be acquired from the Schöllhorn family and from Winterthur, the Swiss insurer.

Heineken declined to say how much it would pay for the shares.

Brauerei Haldengut's market

capitalisation is Sfr72.3m (\$49.9m). The remaining 47.7 per cent of Brauerei Haldengut is listed on the Zurich stock exchange.

The Dutch brewery said it was still discussing the possibility that Calanda would brew Heineken beer in Switzerland.

Heineken has exported its flagship Heineken brand to Switzerland since 1980.

Calanda, in which Heineken already owns a 10 per cent stake, distributes Heineken

beer in the south and east of Switzerland.

Calanda, with annual turnover of around Sfr245m, has 12.5 per cent of the Swiss beer market. Its two breweries in Chur and Winterthur have total production capacity of 600,000 hectolitres of beer per year.

The company is also involved in soft drinks and mineral water.

The transaction is expected to be completed in the first quarter of 1994.

Winterthur and UAP in link-up

By Ian Rodger in Zurich

Winterthur Insurance, Switzerland's third largest insurer, and UAP, the biggest French insurer, are setting up a joint venture company for credit insurance in France.

The venture, called Assurcredit, will take over the credit insurance business of Winterthur in that country which has annual premium income of about FF80m (\$13.6m).

UAP, which does not have a significant presence in the credit insurance sector, will bring capital to the venture and make its distribution channels available.

Mr Michel Clerckx, a Winterthur general manager, said the groups hoped to have the venture operating in April or May of next year.

Winterthur acquired a 3 per cent stake in UAP in December 1992 in exchange for its 37.4 per cent holding in Nordstern Allgemeine of Germany. Mr Peter Späth, Winterthur chairman, said last June the group might raise this stake when UAP was privatised.

Mr Clerckx said yesterday that would be discussed when the privatisation plan was brought forward, probably in January or February.

He added that the two groups were discussing further co-operation, notably by extending their joint activities in breakdown assistance for motorists.

Cragnotti in food industry deal

By Haig Simonian in Milan

Mr Sergio Cragnotti, the controversial financier who last week was severely censured by the Ontario authorities for share trading misdemeanours, has bounced back with a complex food industry deal in his native Italy.

Shortly after being released from house arrest by Italian magistrates investigating alleged political corruption, Mr Cragnotti has sealed a multi-billion lire accord to join forces with a little-known agricultural co-operative.

Mr Cragnotti, a former executive of the troubled Ferruzzi group who set up his own investment bank, has become the white knight in a complex deal linked with Italy's privatisation programme.

Cragnotti & Partners Capital Investment, his banking group, is linking with the Fisvi farm co-operative from Apulia to create one of Italy's biggest milk and dairy products groups.

Mr Cragnotti has invested heavily in dairy products as part of a strategy to create a big foods business by accumulating small acquisitions. The latest deal involves pooling his two regional dairy products companies with part of the food interests of the former state-controlled SME group, bought by Fisvi earlier this year.

Fisvi entered the privatisation process after the IRI state holding company, which controlled SME, failed to find a buyer for the latter's Cirio, Bertolli, De Rica canned vege-

tables, edible oils and milk subsidiary. While IRI quickly sold SME's Italian frozen foods operation to Nestlé, it proved impossible to find a buyer willing to meet its tough conditions for CBD. After a second round of tenders, Fisvi emerged as the surprise candidate in September.

However, it had difficulty raising the acquisition price, in spite of having agreed to sell-on CBD's edible oil business to Unilever.

Cragnotti & Partners will now buy 10 per cent of Fisvi. The two will then set up a joint venture, 51 per cent controlled by Fisvi, in which the latter will pool its controlling stake in CBD and the bank will contribute its dairy products interests.

Go-ahead urged for Alusuisse bid

By Bernard Simon in Toronto

Lawson Maydon, the international packaging group, yesterday urged shareholders to accept a C\$555m (US\$420.4m) takeover offer by Alusuisse-Lonza Holding, the Swiss industrial group.

Alusuisse is to proceed with its C\$14-per-share cash bid after a month-long examination of Lawson's operations and financial statements.

Lawson directors said the offer was 40 per cent above the highest price at which Lawson shares have traded this year. CS First Boston has provided

an opinion that the offer is fair to Lawson's public shareholders. The offer expires on January 14.

Cragnotti & Partners, the Italian investment group, controlled by Mr Sergio Cragnotti, earlier agreed to tender its 52 per cent stake.

Mr Cragnotti last week removed a cloud over Lawson by agreeing to a lifetime trading ban and a C\$2.7m payment to settle allegations of securities law violations brought by the Ontario Securities Commission.

Although Lawson's head office is in Canada, about four-

fifths of its revenues come from Europe, especially the UK.

Alusuisse, which has substantial packaging interests through its subsidiary A-L Packaging, has been attracted by Lawson's strong market share in the folding carton, flexible packaging and label markets.

A-L Packaging is a significant participant in flexible packaging, but its interests are centred on France and Germany.

It is keen to expand its product line and its geographic reach.

All of these securities having been sold, this announcement appears as a matter of record only.



New Issue / December, 1993

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Goldman, Sachs & Co.
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J.P. Morgan Securities Inc.
Paribas Capital Markets

Banco Español de Crédito, S.A. (BANESTO)

BT Securities Corporation

Chase Investment Bank Limited

Chemical Investment Bank Limited

CS First Boston Deutsche Bank AG London

Donaldson, Lufkin & Jenrette

Grupo Financiero Banamex Accival

Lehman Brothers

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Nikko Europe plc

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(Incorporated in New York)

Floating Rate Notes Due 1998

Notice is hereby given that for the three months interest period from December 23, 1993 to March 23, 1994 the Notes will carry an interest rate of 3.65625% per annum. The interest payable on the interest payment date, March 23, 1994, will be U.S. \$91.41 and U.S. \$914.06 respectively for Notes in denominations of U.S. \$10,000 and U.S. \$100,000.

By: The Chase Manhattan Bank, N.A.,
London, Principal Paying Agent and Agent Bank CHASE
December 23, 1993

Citicorp Banking Corporation

U.S. \$250,000,000

Guaranteed Floating Rate Subordinated Capital Notes

Due July 10, 1997

Unconditionally Guaranteed on a Subordinated Basis by

CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 5.25% and that the interest payable on the relevant Interest Payment Date March 23, 1994 against Coupon No. 36 in respect of U.S.\$10,000 nominal of the Notes will be U.S. \$131.25.

December 23, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

AIRCRAFT LEASE PORTFOLIO

SECURITISATION 92-1 LIMITED

(Incorporated with limited liability in Jersey)

U.S.\$104,000,000 Secured Class A2 Floating Rate Notes due June 1997
Notice is hereby given that the Rate of Interest has been fixed at 4.2375% and that the interest payable on the relevant Interest Payment Date June 23, 1994, in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$214.23 and in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$2,142.23.

December 23, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

RIGGS NATIONAL CORPORATION

U.S. \$100,000,000

Floating Rate Subordinated Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the period 22 December 1993 to 22 March 1994 the Notes will carry a rate of interest of 0-1/8% per annum with a coupon amount of US\$ 131.25

December 23, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

U.S. \$150,000,000

Financière CSFB N.V.

Junior Guaranteed Undated Floating Rate Notes

Guaranteed on a subordinated basis as to payment of principal and interest by

Financière

Crédit Suisse-First Boston

FINANCIÈRE CSFB

Interest Rate 3.4375% per annum

Interest Period 23rd December 1993

23rd March 1994

Interest Amount due 23rd March 1994

per U.S. \$ 5,000 Note U.S. \$ 42.97

per U.S. \$100,000 Note U.S. \$859.38

CS FIRST BOSTON

Agent



The Republic of Italy

U.S.\$500,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 23rd December, 1993 to 23rd June, 1994 the Notes will carry an interest rate of 3.4375% per annum. The interest payable on the relevant interest payment date, 23rd June, 1994 will be US\$173.78 per US\$10,000 Notes and US\$4344.62 per US\$250,000 Note.

23rd December, 1993 Istituto Bancario San Paolo di Torino, London as Agent Bank.

ANZ Bank

Australia and New Zealand Banking Group Limited

(Incorporated with limited liability in the State of Victoria, Australia)

U.S. \$200,000,000

Subordinated Floating Rate Notes due 1999

Notice is hereby given that for the Interest Period 22nd December, 1993 to 22nd June, 1994 the Notes will carry a Rate of Interest of 3.9375% per annum with a Coupon Amount of Interest of U.S. \$1,990.63 per U.S. \$100,000 Note. The relevant Interest Payment Date will be 22nd June, 1994.

Bankers Trust Company, London Agent Bank

مكتبة المجلد

INTERNATIONAL COMPANIES AND FINANCE

Canadian and UK gas groups plan expansion

By Bernard Simon in Toronto

British Gas and Nova Corporation of Alberta, the Canadian petrochemicals and pipeline group, plan to expand their international gas services and processing interests through their joint majority stake in Natural Gas Clearinghouse (NGC), one of the biggest independent US gas marketers.

Nova this week agreed to buy a 36.5 per cent stake in NGC for \$317m (US\$128m). British Gas has a similar interest in the Houston-based company. The remaining 27 per cent is owned by NGC management.

NGC is best known as a marketer of gas, which it buys from producers both on the spot market and under long-term contract. However, it has become increasingly active in gathering gas from wellheads and transporting it to its own processing plants. It also provides services such as risk management and pipeline bookings for distributors.

Gathering and processing operations contribute one-third of NGC's income, but that is expected to rise to about 50 per cent next year. Pre-tax earnings were \$546m in 1992. The business has grown by about 30 per cent a year over the past seven years.

Mr Charles Watson, NGC's chief executive, said the company hopes to acquire a large slice of the US\$300-\$400m of gas marketing and services assets which it expects to become available during the next three to five years. In addition to the US, NGC is seeking opportunities in Europe, Canada and Latin America. It is discussing a partnership with British Gas in the UK, and plans a similar joint venture with Nova in Canada.

Mr Terry Poole, a Nova senior vice-president, cited Argentina as another possible area of co-operation between the three companies. British Gas has an interest in a gas distribution system in Buenos Aires, while Nova has an equity stake in a pipeline.

TelecomAsia valued at over \$10bn

By Victor Mallet in Bangkok

TelecomAsia, the Thai concession-holder for the installation of 2m new telephone lines in Bangkok, immediately became the largest capitalised company on the Stock Exchange of Thailand when its shares were publicly traded for the first time yesterday.

TA shares closed at Bt116, more than double the initial public offering price of Bt55, giving the company a market value of more than \$10bn.

The company, a subsidiary of the multinational Charoen Pokphand (CP), Thailand's largest group of companies, is now regarded by most foreign stockbrokers in Bangkok

as greatly over-priced.

With the contract to install telephone lines still in its early stages, the prospective price/earnings ratio for 1994 is 500 times, falling to about 20 times for 1997 and 1998.

"It reflects the market mania that has now gripped Bangkok. Unless the company has invented the secret of eternal life, nothing justifies a p/e multiple above 100," said one stockbroker yesterday.

Even TA's main asset - its contract to expand the Bangkok telephone system - is in danger of being undermined by the slow rate at which the state-owned Telephone Organisation of Thailand (TOT) connects new lines to subscribers.

TOT staff have long profited from the acute shortage of lines and they are reluctant to relinquish income from bribes, typically more than \$1,000, paid for the installation of each new line. TA has sought to co-opt TOT workers by offering them out-price TA stock worth up to two years' salary at TA's current share price.

Trading in TA was the focus of stock market activity in Bangkok yesterday. Turnover in the shares amounted to more than \$170m.

Thai mutual funds are expected to want TA shares because the company now accounts for about one-tenth of the market's capitalisation and will be a significant factor in the movement of the SET index.

Foreign suppliers and their

local partners regard the Thai market as rich in opportunities because the country has only three telephones per 100 inhabitants, compared with 10 in neighbouring Malaysia. Nynex of the US is CP's partner and holds 15 per cent of TA stock.

TA hopes to lift the value of its Bangkok contract by using fibre-optic lines for cable television as well as telephone calls, and is looking for opportunities to expand abroad.

The CP group, controlled by the ethnic Chinese Chueavannont family, is one of the largest foreign investors in China. TA intends to install hundreds of thousands of telephone lines in China's Hubei province and to join a Chinese satellite launching venture.

Under the terms of the contract Berjaya will install and operate 2,000 lottery terminals in Luzon province and Manila. Berjaya already runs the highly profitable sports toto lottery in Malaysia and is undertaking four lottery projects in China.

Berjaya has grown into one of Malaysia's biggest companies and Mr Tan has a reputation as one of the country's foremost dealmakers.

While hotels, leisure and lotteries form the base of Berjaya's activities, the company is also involved in light manufacturing and timber and recently signed an agreement with the Hyundai company of Korea to make trucks in Malaysia.

Earlier this year Berjaya teamed up with the UK's North West Water group in a \$66.27bn (US\$2.43bn) project to build, upgrade and operate Malaysia's national sewerage system.

Berjaya wins contract for Philippines lottery

By Kieran Cooke in Kuala Lumpur

Berjaya, the fast-expanding Malaysian conglomerate controlled by Chinese-Malaysian businessman Mr Vincent Tan, has won a contract to set up and operate a lottery system in the Philippines.

Under the terms of the contract Berjaya will install and operate 2,000 lottery terminals in Luzon province and Manila. Berjaya already runs the highly profitable sports toto lottery in Malaysia and is undertaking four lottery projects in China.

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Profiting from new-found freedom

Thai telecoms sector is poised for rapid growth, writes Victor Mallet

Modesty does not come easily to those at the forefront of Thailand's fast-growing telecommunications sector.

"Normally, we grow at a rate of 60 per cent a year," says Mr Thaksin Shinawatra, the former police colonel who heads the Shinawatra telecommunications, broadcasting and computer group now valued at more than \$4bn, in answer to a question about the group's prospects.

"That will continue in 1994 and 1995, but between 1995 and 1996 I think the growth will jump and probably reach 100 per cent."

After years of stifling control by the government and the armed forces, telecommunications networks in Thailand are starting to develop rapidly under the influence of young, private-sector companies that have won concessions to operate satellites and install millions of new telephone lines.

Thaicom-1, Thailand's first satellite, was launched last week by ArianeSpace from French Guiana and will be operated by Shinawatra Satellite. The Shinawatra subsidiary soon to become the fourth Shinawatra company listed on the Stock Exchange of Thailand (SET) - will also operate a second satellite to be launched in August and possibly a third planned for 1996.

At least six other communications companies are being floated on the Thai stock exchange to help finance the expansion of telephone and broadcasting systems.

The first and biggest was TelecomAsia, the subsidiary of the multinational Charoen Pokphand group that is implementing a concession to install 2m new telephone lines in Bangkok; Nynex of the US holds 15 per cent of TelecomAsia.

Expansion of the telephone network is long overdue, and even the projects now being implemented to install an additional 3m lines nationwide are unlikely to meet pent-up demand.

Samart Satcom, which makes satellite dishes, is expected to begin trading today. Next in line are United Communication Industry

Gambrell, research manager with Peregrine Brokerage in Bangkok. "By the middle of next year it will be 18 per cent."

Foreign fund managers are likely to have problems adjusting their portfolios to take account of the increasing weight of the telecommunications sector in the SET index.

This is partly because only limited amounts of stock are available to foreigners; only 10 per cent of TelecomAsia, for example, is being sold to the public, and only half of that is allocated to foreign buyers.

Price/earnings ratios for some of the newly floated companies are also likely to be very high, especially in the early years of implementing concessions when costs are substantial and revenues low.

Even the large projects now under way are unlikely to meet pent-up demand

(Ucom), the mobile phone operator whose parent company is 25 per cent owned by Motorola of the US, and Loxley, whose affiliate Thai Telephone and Telecommunication has a concession to install and operate 1m telephone lines in the provinces.

"The telecoms sector used to account for 5 per cent of the Thai market," says Mr David

investors will watch closely to see how much value can be added to such companies by the use of new technology and by overseas expansion.

TelecomAsia, for instance, plans to use the fibre-optic cables it is installing in Bangkok for cable television services as well as for telephone calls, while Mr Thaksin says he can squeeze more value out

of his satellites by using digital compression technology to push as many as eight television channels on to one satellite transponder.

Thai telecommunications companies rely heavily on foreign hardware suppliers, advisers and partners, and there are doubts about how well they can perform outside their home market, where they tend to benefit from their political connections.

But that has not stopped them from seeking to expand beyond Thailand's borders. TelecomAsia, having already raised the money it needs for the 2m new lines in Bangkok, intends to use some of the proceeds of the public flotation for foreign expansion, including a satellite launch venture for China and the installation of new telephone lines in China and Vietnam.

Shinawatra already has broadcasting and telecommunications contracts in Laos, Cambodia and the Philippines, and Mr Thaksin is also looking at China, Vietnam and Burma.

Thailand alone should keep them busy enough. "There are now half a dozen of these telecommunications companies coming to the market," says Mr Paul Ngo, an investment analyst at H.G. Asia in Bangkok. "It should be an exciting year in 1994."

Finance group surges ahead

Rising stock markets in both Kuala Lumpur and Singapore helped Rashid Hussain, one of Malaysia's foremost financial services groups, to post pre-tax profits of \$131.1m (US\$51m) for the six months to November 30 1993, writes Kieran Cooke.

The figure represents a rise of more than 200 per cent on the equivalent period last year. Kuala Lumpur's stock market has risen 76 per cent this year while the Singapore market has risen by more than 50 per cent.

Rashid Hussain's turnover in the six-month period rose more than 200 per cent to \$196.6m.

Correction Notice
Notice of Redemption at the Option of the Bondholder to the Holders of the outstanding Lucas Industries Inc (the "Company")
5% Convertible Bonds Due 2002
(the "Bondholders" and the "Bonds" respectively)
Convertible into Ordinary Shares of 25p each in Lucas Industries plc

NOTICE IS HEREBY GIVEN that, subject to and in accordance with condition 5(c) of the conditions ("Conditions") of the Bonds, a Bondholder may exercise an option (the "Option") to require the Company to redeem all or some only of such Bondholder's Bonds on April 28, 1994 at 115 per cent. of the principal amount thereof, comprising:

(a) 100 per cent. as to repayment of the principal amount; and
(b) a payment by way of supplemental interest on the Bonds equal to 16 per cent. of the principal amount.

The Bonds are currently convertible into fully paid Ordinary Shares at a rate of one ordinary share for every 144p nominal value of the Bonds (with the Bonds taken at their principal amount thereof and translated into sterling at a rate of exchange fixed for the life of the Bonds at U.S. \$1.00 to £1.00). To exercise such Option the Bondholder must deposit such Bond accompanied by a written notice exercising the Option in the form obtainable from any Paying Agent (an "Option Notice") with any Paying and Conversion Agent mentioned below during the period beginning on January 28, 1994 and ending on March 29, 1994.

The Bonds must be surrendered together with all unmaturing Coupons and Additional Coupons appertaining thereto falling which the amount of any such unmaturing Coupon or Additional Coupon as the case may be will be deducted from the sum due for payment. Each amount of principal so deducted will be paid against surrender of the relevant missing Coupon or as the case may be Additional Coupon at any time following such payment and prior to the expiry of six years from the relevant date for such a payment. Bondholders should take appropriate tax advice when deciding whether to exercise the Option referred to above. PROVIDED THAT, such exercise shall not be effective unless it takes place prior to the date on which any notice of redemption is given to the Bondholders with respect to such Bond by the Company under condition 5(c) of the Conditions. An Option Notice, once given, is irrevocable.

PRINCIPAL PAYING AND CONVERSION AGENT
The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street, London EC2P 2HD

PAYING AND CONVERSION AGENTS
Chase Manhattan Bank
Luxembourg S.A.
5 Rue Pictet
L-2338 Luxembourg Grand
Chase Manhattan Bank
(Switzerland)
63 Rue du Rhône
CH-1204 Geneva

By: The Chase Manhattan Bank, N.A.
London, Principal Paying Agent

December 23, 1993

CHASE

HYUNDAI

ENGINEERING & CONSTRUCTION CO. LTD.

(Incorporated in the Republic of Korea under local laws)

US\$100,000,000

Floating Rate Notes Due 1997

(Redemption at the option of bondholders in 1997 and 1999)

In accordance with the provisions of the Floating Rate Notes, notice is hereby given as follows:

Interest Period : 22nd December, 1993 to 22nd June, 1994 (182 days)

Rate of Interest : 5% per annum

Coupon Amount : US\$1,227.08 (per note of US\$500,000)

US\$1,370.83 (per note of US\$500,000)

Agent

LTCB Asia Limited

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INTERNATIONAL CAPITAL MARKETS

Treasuries ignore revised growth outlook

By Frank McGurty in New York and Sara Webb in London

US Treasury bonds were firmer yesterday morning as the market shrugged off an upward revision in the government's estimate of US economic growth in the third quarter.

By midday, the benchmark 30-year government bond was 5 1/8% higher at 99 1/8, with the yield slipping to 6.254 per cent. At the short end, the two-year note was unchanged at 99 1/8, to yield 4.25 per cent.

In the absence of any significant new readings on inflation, the market remained in its pre-holiday lull. It reacted with apathy when the commerce department revised its figure for third-quarter gross domestic

product, to a seasonally-adjusted annual growth rate of 2.9 per cent from earlier an estimate of 2.7 per cent.

Traders were unmoved because the market was looking ahead to the first quarter, rather than behind at the third. Data to be released early

GOVERNMENT BONDS

In today's shortened session - including November figures on durable goods orders and personal income and consumption - should prove more useful.

Before then, the market was facing the Treasury's monthly five-year auction. The afternoon sale of \$11bn in notes was

expected to be a tougher test than Tuesday's surprisingly well-received two-year auction.

Canadian government bonds rallied strongly as the appointment of a new central bank governor dispelled jitter about future monetary policy.

Rumours swept the market early that Mr John Crow planned to resign from his position as governor of the central bank, leading to an initial decline in bond prices.

However, the actual announcement of Mr Crow's resignation, and the appointment of an internal candidate - Mr Gordon Thiessen, the senior deputy governor - to the top position cheered the market, which expects to see

the central bank stick to its low-inflation policy.

Bond prices climbed across the range of maturities.

The release of better-than-expected inflation figures helped German government bond prices to nudge up in this trading.

The state of Hesse reported a 0.1 per cent rise in the month to mid-December, giving a year-on-year increase of 3.7 per cent, against a 3.8 per cent rise in November.

The bond futures contract traded in a narrow range of 100.71-100.80 on a volume of about 13,000 contracts.

Italy and Spain, Europe's high-yielding bond markets, both saw new buying interest from foreign investors, gaining nearly half a point.

Dealers said expectations of an imminent interest rate cut propelled the Italian government market, with progress on the approval of the 1994 budget and the release of good inflation figures this week contributing to the buoyant mood.

UK government bonds ended the day little changed, as the gilt market wound down for the Christmas holiday.

US recalls a bumper year in corporate fundraising

The US capital markets may not see anything like it again for many years.

Driven by the lowest long-term interest rates in a quarter of a century, and equity dividend yields at the bottom of their historical range, US companies have engaged in an orgy of capital-raising and refinancing over the past 12 months.

Although the US capital markets are likely to remain busy for the first quarter - and perhaps the first half - of next year, few expect 1994 to match 1993.

Two forces have driven the surge in bond and equity issues this year. First, low long-term interest rates have prompted a wave of debt refinancing. This has been true both for investment grade and, even more notably, junk-rated issuers, many of whom have refinanced paper issued during the last junk bond boom of the late 1980s.

Second, high equity prices have made it possible for a wide range of companies to issue shares, hastening the process of de-gearing under pressure from the start of the 1990s. Unless bond yields go much lower, both of these forces will be less in evidence next year.

Given the favourable conditions in the capital markets, it is not surprising that bank lending has remained depressed. Total syndicated bank loans so far this year amount to \$340bn, some \$20bn less than last year, according to Loan Pricing Corporation in New York.

This decline looks all the more marked given the sharp improvement in the financial health of the US's commercial banks. A moderate price war in bank lending has resulted, though it has not been on a par with the 1980s, when lending

The capital markets could quickly become a hostile place.

The second factor which would change the complexion of the US capital markets is a change in US corporations' need for capital. If the US economy continues to grow at the pace of the last quarter of this year, rather than slackening off, many companies are likely to build their inventory levels.

Towards the end of the year, if the growth continues at a fast pace, there could also be demand for capital from companies looking to build new capacity. Banks have been natural providers of both these forms of financing in the past. Few banks, though, are expecting much of an upturn in demand for a while.

While, in looking overseas for a continuation of the capital markets boom, with interest rates and bond yields falling internationally, the financing pattern that has characterised the US could be repeated elsewhere.

"They're a couple of years behind in this cycle," says Mr David Komansky, executive vice president in charge of capital markets at Merrill Lynch. Most US investment banks, he says, have been building their capacity overseas to take advantage of the coming boom in international capital markets.

If this is right, the next stage of the capital markets boom will be felt around the world, not just in the US.

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If this is right, the next stage of the capital markets boom will be felt around the world, not just in the US.

HK railways in \$1bn debt programme

By Louise Lucas in Hong Kong

Hong Kong's Mass Transit Railway Corporation (MTRC) has arranged a US\$1bn debt programme, less than a week after having its credit rating cut.

Last Friday, Moody's cut the MTRC's rating for Hong Kong dollar-denominated debt to A1 from A2. The move comes with concerns for political stability in China and the possible impact on the colony. Moody's saw vulnerability in the Hong Kong/US dollar peg.

Debt issued under the new programme, signed yesterday, can be denominated in any currency, subject to agreement with MTRC, with a maturity of between one month and 30 years. It may take the form of fixed, zero-coupon or floating-rate notes.

The programme replaces a HK\$500 million term note programme set up in 1988 and which has now matured.

Focus on Italy's new year offering

By Antonia Sharpe

New issue activity was concentrated in the European sector yesterday as the rest of the Eurobond market wound down for the Christmas break.

Most of yesterday's European offerings were the so-called "high-premium, high-coupon" bonds which have become fashionable in recent weeks.

Nikka, which has arranged most of these deals, said the

Libor plus 70 basis points. "With no guidance from the joint leads or from Italy, the market is taking numbers out of the sky," said one syndicate manager.

Most of yesterday's European offerings were the so-called "high-premium, high-coupon" bonds which have become fashionable in recent weeks.

Nikka, which has arranged most of these deals, said the

issues were tailored to satisfy demand from Japanese investment trusts wanting to shift away from fixed-rate to floating-rate instruments.

However, other syndicate managers noted that the inherent capital loss on the bonds also appealed to investors looking for ways to reduce their capital gains tax bill.

Standard & Poor's, the international rating agency, has

placed its ratings of Société Centrale Union des Assurances de Paris (Scup) and its related entities on CreditWatch with negative implications. This follows the French government's confirmation that Scup is likely to be privatised in the first half of 1994.

Scup has a commercial paper rating of A-1, plus, and a claim-paying ability rating of triple-A.

NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount | Coupon | Price | Maturity | Fee | Spread | Book runner |
|-----------------------------|--------|--------|---------|-----------|--------|--------|-------------------------|
| US DOLLARS | | | | | | | |
| Urban Mortgage Bk of Sweden | 80 | (a) | 98.975 | Sept 1995 | 0.125% | | Salomon Brothers Int. |
| YEN | | | | | | | |
| SBAG | 300m | (b) | 107.185 | Jan 1999 | 0.25% | | Merrill Lynch Int. |
| Japan Airlines Co. | 300m | (c) | 104.305 | Jan 1998 | undfcd | | Nikko Europe |
| Landstet | 250m | (d) | 107.825 | Jan 2001 | undfcd | | Nikko Europe |
| Mitsubishi Corp. (e) | 250m | (f) | 107.775 | Apr 2000 | 1.875 | | Mitsubishi Finance Int. |
| European Coal & Steel Comm. | 11.25m | (g) | 108.605 | Jan 2001 | undfcd | | Mitsubishi/Nikko Europe |
| Mitsubishi Chemicals | 100m | (h) | 100.255 | Jan 2001 | 0.25% | | Salama Finance Int. |
| Hankyu Dept. Stores | 100m | (i) | 100.355 | Apr 1999 | 0.25% | | Salama Finance Int. |
| Swedish Export Kredit | 100m | (j) | 105.055 | Jan 1995 | 0.35% | | ISL International |
| ITALIAN LIRE | | | | | | | |
| Kommunale | 150m | (k) | 101.75 | Jan 2004 | 2.00 | | Banca di Roma |

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. Floating rate notes: (a) fixed rate or floating rate; (b) fixed rate or floating rate; (c) fixed rate or floating rate; (d) fixed rate or floating rate; (e) fixed rate or floating rate; (f) fixed rate or floating rate; (g) fixed rate or floating rate; (h) fixed rate or floating rate; (i) fixed rate or floating rate; (j) fixed rate or floating rate; (k) fixed rate or floating rate.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

| Coupon | Date | Price | Yield | Week | Month |
|-------------------|--------|--------|-------|------|-------|
| | | | | ago | ago |
| Australia | 10.000 | 102.02 | 6.02 | 6.82 | 6.80 |
| Belgium | 9.000 | 102.03 | 6.02 | 6.82 | 6.82 |
| Canada | 7.500 | 120.03 | 6.02 | 6.82 | 6.82 |
| Denmark | 6.000 | 102.03 | 6.02 | 6.82 | 6.82 |
| France | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| Germany | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| Italy | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| Japan | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| Netherlands | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| Spain | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| UK Gilt | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| US Treasury | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |
| ECU (French Govt) | 6.500 | 102.03 | 6.02 | 6.82 | 6.82 |

London closing, New York mid-day. (a) Gross annual yield including withholding tax at 12.5 per cent payable by non-residents. (b) US, UK, in \$, others in local currency.

Source: International Finance Corporation

BOND FUTURES AND OPTIONS

France

NOTIONAL FRENCH BOND FUTURES (MATF)

| Open | Settle | Change | High | Low | Est. vol. | Open Int. |
|------|--------|--------|-------|--------|-----------|-----------|
| Dec | 126.00 | 126.00 | -0.02 | 126.00 | 125.86 | 8,206 |
| Mar | 126.10 | 126.10 | -0.02 | 126.10 | 125.96 | 128,330 |
| Jun | 126.20 | 126.20 | -0.02 | 126.20 | 126.06 | 1,192 |

LONG TERM FRENCH BOND OPTIONS (MATF)

| Strike | Price | Call | Put |
|--------|-------|------|------|
| 127 | 2.40 | 0.01 | 0.19 |
| 128 | 1.18 | 0.03 | 0.31 |
| 129 | 0.34 | 0.01 | 0.19 |
| 130 | 0.02 | 0.05 | 0.88 |
| 131 | 0.02 | 0.05 | 0.88 |
| 132 | 0.02 | 0.05 | 0.88 |

Est. vol. total, calls 12,671, puts 10,016. Previous day's open int. calls 222,134, puts 207,290.

Germany

NOTIONAL GERMAN BOND FUTURES (LHFF)

| Open | Settle | Change | High | Low | Est. vol. | Open Int. |
|------|--------|--------|-------|--------|-----------|-----------|
| Dec | 100.75 | 100.75 | -0.06 | 100.75 | 151.82 | 13,851 |
| Mar | 100.75 | 100.75 | -0.06 | 100.75 | 151.82 | 13,851 |

BUND FUTURES OPTIONS (LHFF) DM250,000 points of 100%

| Strike | Price | Call | Put |
|--------|-------|------|------|
| 100.50 | 0.75 | 1.12 | 0.55 |
| 101.00 | 0.53 | 0.89 | 0.80 |
| 101.50 | 0.35 | 0.69 | 1.12 |

Est. vol. total, calls 157, puts 403. Previous day's open int. calls 18,801, puts 6,899.

NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (GBLHFF) DM250,000 points of 100%

| Open | Settle | Change | High | Low | Est. vol. | Open Int. |
|------|--------|--------|-------|--------|-----------|-----------|
| Mar | 103.30 | 103.25 | -0.01 | 103.30 | 52 | 11,410 |

UK GILTS PRICES

| Short | Long | Price | Yield |
|----------|----------|--------|-------|
| 12/23/93 | 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
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Other Fixed Interest

| Notes | Price | Yield |
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| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
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Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
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| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

Other Fixed Interest

| Notes | Price | Yield |
|----------|--------|-------|
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |
| 12/23/93 | 102.02 | 6.02 |

FT-ACTUARIES FIXED INTEREST INDICES

| Index | Dec 22 | Dec 21 | Dec 20 | Dec 19 | Dec 18 | Dec 17 | Dec 16 | Dec 15 | Dec 14 | Dec 13 | Dec 12 | Dec 11 | Dec 10 | Dec 09 | Dec 08 | Dec 07 | Dec 06 | Dec 05 | Dec 04 | Dec 03 | Dec 02 | Dec 01 | Dec 00 | Dec 99 | Dec 98 | Dec 97 | Dec 96 | Dec 95 | Dec 94 | Dec 93 | Dec 92 | Dec 91 | Dec 90 | Dec 89 | Dec 88 | Dec 87 | Dec 86 | Dec 85 | Dec 84 | Dec 83 | Dec 82 | Dec 81 | Dec 80 | Dec 79 | Dec 78 | Dec 77 | Dec 76 | Dec 75 | Dec 74 | Dec 73 | |
|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
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Sale is part of company's realignment of activities in China

P&O in £117m HK disposal

By Louise Lucas in Hong Kong

Peninsular and Oriental Steam Navigation has sold a 9.47 per cent stake in P&O to Modern Terminals for about HK\$1.35bn (£117.4m).

The shares, bought for £2.4m, have a current book value of £74m. P&O maintains a 5 per cent stake in MTL, the sixth largest container terminal in Hong Kong's Kwai Chung Container Terminal where P&O is an important user.

The disposal is in line with P&O's policy of trimming its interest in operations it does not manage.

The sale comes a month after P&O announced its first large commitment in China since 1990 - the acquisition of a 25 per cent stake in the HK\$615m Shekou Container Terminal - as part of a series of deals involving £500m in the region.



Lord Sterling: Listings on two Chinese exchanges inevitable

Lord Sterling, chairman of P&O, said the group's commitment to China made listings on the mainland's two stock

stock exchange in September 1991.

Within a fortnight of the signing of the Shekou terminal deal, P&O bought into Zhanjiang-Win Container Terminal, near Shanghai, which involved the investment of an undisclosed sum into Win Han-ky Investments, which holds 51 per cent of the terminal.

Lord Sterling said this project was another step in the company's plans to develop in transport related activities in the Pearl River Delta, the Yangtze River Corridor and north-east China.

The Shekou facility began operation in August 1991 and has an expected throughput of between 80,000 and 100,000 20-foot equivalent units for this year.

P&O takes up management of the terminal from the beginning of next year.

NEWS DIGEST

Phoenix Timber

cuts deficit

Losses at Phoenix Timber, the flooring group, were trimmed from £583,000 to £525,000 pre-tax for the half year ended September 30.

Turnover of £9.57m compared with £10.5m. Interest payable accounted for £282,000 (£309,000) and losses per share worked through at 3.6p (4p).

Directors said the refinancing programme has been successfully completed and banking facilities newly agreed.

API sells heating offshoot for £1.5m

API Group, the packaging, coatings and office products company, has sold Diffusion Environmental Systems, its heating and ventilating business, to Benson Group, for £1.5m cash.

Surrey-based Diffusion will be integrated into Benson's environmental control division where it will complement the existing businesses of Energy Technique and Benson Heating.

Diffusion's turnover was £3.93m in the year to October 2 and its after-tax profit came to £118,000.

Rossmont raises £1.6m in placing

Rossmont is coming to the market through the placing of 16.5m shares at 10p to raise about £1.6m, of which £870,000 is being raised by existing investors.

The cash raising will enable the repayment of £555,000 of loan stock. Net proceeds are expected to be £445,000.

Rossmont is the holding company for Santric, which supplies washroom and hygiene equipment. In the year to June 30, Santric's pre-tax profits were £300,888 (£234,176) on turnover of £2.17m (£2.06m).

TR High Income set to maintain dividend

TR High Income Trust has declared a fourth interim dividend of 1.5p for the year to December 31 1993, making 4.5p to date.

The company said it intended to maintain the full payment for the year at 6p. The board added that from 1994 there would be four quar-

terly payments in July, October, January and April, in place of the present five.

Courtaulds sells coatings business

Courtaulds, the international chemical company, has disposed of its east London-based general industrial coatings business to Croda Polymers International.

The sale comprises the goodwill and technology of the business for £2.7m, plus the value of the finished goods stock - no fixed assets are involved. Turnover in the year to March 31 1993 was £6m.

Filofax makes £3m acquisition

Filofax Group, the USM-quoted personal organiser company, has acquired Drakes Office Systems from its founder, Mr Tom Drake, for £3m, to be satisfied by cash and the issue of 1m ordinary 5p shares.

Drakes claims to be the UK market leader in Wire-O bound carbonless duplicate message books. Its Ring Back brand forms a range of telephone message and similar business forms with a dominant market share.

In 1992, Drakes made gross profits of £727,000 on sales of £1.7m.

EuroLeisure restructure

Shareholders of European Leisure, the debt-laden snooker hall and discotheque operator, have approved all the resolutions regarding the financial restructuring announced in November.

The proposals remain conditional on agreement being reached with holders of the convertible unsecured loan stock.

EuroLeisure also revealed that valid acceptances had been received in respect of about 60.8m new ordinary shares under the recent offer of 175m new shares at 1p apiece.

William Jacks passes pref dividend

William Jacks has informed holders of its £2,000 3.5 per cent cumulative preference shares that it is unable to pay the dividend due on December 31 1993.

The motor dealer said there were insufficient distributable reserves available.

ICI to invest £9m in Bangkok paint plant

By Paul Abrahams

Imperial Chemical Industries, the UK's largest chemical group, yesterday announced it was investing £9m on a paint plant in Bangkok, Thailand, as part of its Asian expansion policy.

The company simultaneously announced that its new paint plants in Malaysia and China would be fully operational during the first half of next year.

Mr Herman Scopes, chief executive of ICI Paints, said: "The expansion of our Thai facility is part of a long-term strategy aimed at seizing the exciting opportunities for sales of surface coatings in the expanding economies of the Pacific Basin."

The new plant will add 50 per cent to the group's paint capacity in Thailand, where ICI paint sales have doubled over the last five years.

The facility, designed to manufacture solvent-borne decorative paints, will be operational in three years. ICI already owns a 67 per cent stake in a plant at Bangkok. The remainder is owned by the East Asiatic Company of Denmark.

The Asian-Pacific region - including Australia which is an important market for ICI Paints - represented about 22 per cent of the division's £1.58bn turnover last year.

Demand for paints and varnishes in the Asia-Pacific region was about 4.58m tonnes last year, three times more than in 1970.

It is expected to reach 8m tonnes by 1997 and could approach 9m tonnes by 2002, according to the European Polymers Paint Colour Journal.

Smith New Court, the broker, expects the paint division to generate sales this year of £1.7bn, largely as a result of growth in Asia and the North American market.

The division, which represented about 20 per cent of group turnover last year, is expected to generate trading profits of about £107m, compared with £115m last year.

Ascot sells Belhaven to management for £31.5m

By Maggie Urry and Philip Rawstone

Ascot Holdings, the former Control Securities which finalised a debt refinancing in June, yesterday agreed disposals which will cut debt by £50m.

The company's shares rose 4p to 54p.

At the half year end on September 30 the property and hotel group's net debt stood at £197.5m and it had negative net worth of £18.6m.

It has tied up the long-expected sale of Belhaven, Scotland's oldest independent brewery which has a 61 pub estate, to a venture capital backed management team for a total of £31.5m. The consideration compares with net asset value of £18.4m.

It has also agreed the sale for £24.1m cash of Heywood Business Park, a freehold warehouse distribution estate of 1.4m sq ft eight miles north of Manchester.

The sale price was just above book value of £28.8m; the

annual rental income is currently £2.4m. The purchaser is Burford Holdings, the property group which has been actively investing in property this year.

The Belhaven deal will cut Ascot's net debt by £25.5m, made up of £17.7m in cash, £2.8m in preference shares and £4.8m of free trade finance which the buyer will assume. However, Ascot will provide £3m of mezzanine debt, paying interest at 10 per cent.

Ascot will purchase a 15 per cent stake in the buy-out company, Belhaven Holdings, for £15,000 and has warrants to buy a further 10 per cent stake for £10,000.

Mr John Kerslake, Ascot's finance director, said he was pleased to retain an equity stake in Belhaven. "We believe in the business but we had to sell it," he said, because of Ascot's high level of debt.

Mr Stuart Ross, the managing director who led the BHL buy-out, said: "We believe the Belhaven brand can go a lot further."

The Dunbar-based brewery, founded in 1719, produces 50,000 barrels of beer a year, including Belhaven Best and 80/- cask conditioned ales.

The management is believed to have about a 50 per cent equity stake in BHL. The buy-out raised a total of £6m which includes some funds for investment in the pub estate. It was backed by CVC Capital Partners, part of Citicorp Ventures, with senior debt arranged by the Bank of Scotland.

Mr Nazmu Virani, former chairman of Control Securities, first took an interest in Belhaven in 1983 and became chairman of the company in 1984. He sold his stake and resigned the chairmanship in 1986, but came back with the purchase by Control Securities of the brewery and pubs, completed early in 1988 for £18m.

Mr Virani's arrest in connection with the BCCI collapse precipitated his departure from Control Securities in March 1993 and refinancing talks with the group's bankers.

Restructured Symonds halves loss to £126,000

Improved profit margins and cost reductions arising from restructuring helped Symonds Engineering, the Chesham-based precision engineer, to halve pre-tax losses from £256,000 to £126,000 in the six months to September 30.

Turnover fell from £2.31m to £2.09m as a result of reducing the number of low margin contracts.

Losses per share were down from 1.50p to 1.27p.

Mr Rod Ackrill, chairman, said he was confident the company would shortly return to profitability.

Since March, the workforce had been reduced by about 25 per cent to 155. Improved systems and procedures had been introduced by appointing a financial controller, together with a sales manager to expand the existing business customer base.

There is no interim dividend - last year's distribution was 0.15p but no final was paid.

BAA chief exercises share options

By Tim Burt

Sir John Egan, chief executive of BAA, yesterday exercised options on 261,500 ordinary shares in the airports operator.

The company told the Stock Exchange that Sir John, whose remuneration last year totalled £768,000, had paid 38p each for the shares under the BAA senior employee share option scheme for a total of £1,004,180.

He subsequently sold 99,368 shares at £10.16 per share for a total of £1,009,578.

The former chairman of Jaguar, who took over at BAA in 1991, still retains 187,946 ordi-

nary shares in the company and options on a further 84,390.

Shares in the company - which operates Heathrow, Gatwick and Stansted airports - rose 11p yesterday to close at £10.24.

Bromsgrove sale

Bromsgrove Industries, the Birmingham-based specialist engineer, has sold its James Naylor offshoot to an unnamed buyer for £5.4m cash.

Naylor is a manufacturer of plastic and foam products for florists.

Correction: Aitken Hume

The issue of December 1 described Mr Lee Ming Tee as chairman of Allied Group. He resigned on September 30. The fact that, as the article stated, Mr Brian O'Connor, his suc-

cessor, was named in a report from the Financial Secretary of Hong Kong should not be read as suggesting that he was criticised in it. We apologise for any suggestion to the contrary.

Standard Chartered

Standard Chartered PLC

(Incorporated with limited liability in England)

£300,000,000
Undated Primary Capital Floating Rate Notes
of which £150,000,000
comprises the Initial Tranche

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three months period (90 days) from 22nd December 1993 to 22nd March 1994 the Notes will carry an interest rate of 5 1/8% per annum.

The interest payment date will be 22nd March 1994. Coupon No. 35 will therefore be payable on 22nd March 1994 at £701.19 per coupon from Notes of £50,000 nominal and £70.11 per coupon from Notes of £5,000 nominal.

J. Henry Schroder Wagg & Co. Limited

Agent Bank

Daily Gold Fax - free sample

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7 Seaford Street, London W1R 2JD, UK
commodity specialists for over 22 years

Ms Anne Whitby
Tel: 071-733-7174
Fax: 071-439-4965
a 00944 number

CITICORP
U.S. \$250,000,000
Subordinated Floating Rate Notes Due September 1996
Notice is hereby given that the Rate of Interest has been fixed at 5.25% and that the interest payable on the relevant Interest Payment Date December 29, 1993, against Coupon No. 38 in respect of US\$50,000 nominal of the Notes will be US\$43.75 and in respect of US\$10,000 nominal of the Notes will be US\$8.75.

December 23, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

RIGGS NATIONAL CORPORATION
US \$60,000,000
FLOATING RATE SUBORDINATED NOTES DUE 1996
In accordance with the provisions of the Notes, notice is hereby given that for the period 22 December 1993 to 22 March 1994 the Notes will carry a rate of interest of 5 1/8% per annum with a coupon amount of US\$ 181.25

Chemical Bank
As Agent

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GREEK EXPORTS S.A. REPEAT PUBLIC TENDER FOR THE HIGHEST BID

GREEK EXPORTS S.A. registered in Athens (17 Panepistimiou St.) and legally represented in its capacity as Liquidator, in accordance with article 46a of Law No. 1892/1990, supplemented by article 14 of Law No. 2000/1991 and following decision No. 3089/1993 of the Athens Court of Appeal, extends the time limit of the Repeat Public Tender for the Highest Bid for the submission of sealed, binding offers for the purchase, in toto, of the assets of GENIKI PROMITHEFTIKI (KATASKEVAI) A.E. ELECTRICAL TELECOMMUNICATIONS AND PLASTICS INDUSTRY, based in Athens at 25 Stournara Street, up to Tuesday, 28th December 1993 at 1900 hours instead of 16th December 1993. The bids will be unsealed before the Athens notary public Andriani-Dimitra Economopou-Zapheirpoulou, 18 Voukourestiou Street, 5th Floor. Tel: +30-1-361.8249 on Wednesday 29th, December 1993 at 1100 hours. This announcement is being published in the newspapers APOGEVMA TINI, EXPRESS MESIMVRINI and FINANCIAL TIMES in which the original announcement was published on 23rd and 26th November 1993. The same terms and conditions as in the original announcement apply.

This announcement appears as a matter of record only.



(A company incorporated in The Netherlands with limited liability)

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for the construction and operation of a 600,000 tonnes p/a waste to energy plant at Moerdijk

The facilities have collectively been arranged and provided by

European Investment Bank

ABN AMRO Bank N.V.

De Nationale Investeringsbank N.V.

Security and paying Agent

ABN AMRO Bank N.V.

AZN was advised by F. van Lanschot Bankiers/NatWest Markets

December 1993

This advertisement is issued in compliance with the requirements of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any securities. Application has been made to the London Stock Exchange for the whole of the share capital of Rackwood Mineral Holdings PLC ("the Company") issued, and to be issued to be admitted to the Official List. It is expected that dealings in the Ordinary Shares of the Company will commence on 6th January, 1994.

RACKWOOD

MINERAL HOLDINGS PLC

(Incorporated in England and Wales under the Companies Act 1985, registered number 2847998)

Placing of
9,187,500 Ordinary Shares of 10p each
at 40p per share

Sponsored by Greig Middleton & Co. Limited
Advised by English Trust Company Limited

| Authorised | | Issued and to be issued fully paid | |
|------------|------------|------------------------------------|------------|
| Amount | Number | Amount | Number |
| £2,000,000 | 20,000,000 | £1,606,250 | 16,062,500 |
| | | in Ordinary Shares of 10p | |

The principal activities of the Company are the identification, development and operation of private open-cast mining sites and the marketing and sale of the coal produced.

Listing Particulars relating to the Company are available during normal business hours on any weekday (Saturday and public holidays excepted) from the Company Announcements Office, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2N 1JF, by collection only up to and including 24th December, 1993 and during normal business hours (excluding Saturday), up to and including 6th January, 1994 from:-

Greig Middleton & Co. Limited,
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EC2A 2BL

English Trust Company Limited,
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EC1M 6AX

and at the registered office of the Company in England:
New Enterprise House, St. Helen's Street, Derby DE1 3CY
23rd December, 1993

CREDIT LYONNAIS

USD 500,000,000

Undated Subordinated Variable Rate Notes

Bondholders are hereby informed that the rate for the coupon No. 10 has been fixed at 4.3125%, for the period starting on 20/12/1993, until 21/03/1994 inclusive, (representing a period of 92 days).

The coupon No. 10 will be payable on 22/03/1994 at a price of USD 110.21.

The Agent Bank and the Principal Paying Agent

CREDIT LYONNAIS

ALLIANCE LEICESTER

Alliance & Leicester Building Society

Floating Rate Notes

For the interest period 20th December, 1993 to 21st March, 1994, the Notes will carry a rate of interest of 5 1/8% per annum with interest amounts of £140.24 per £100,000 and £14.024 per £10,000 Note, payable on 21st March, 1994.

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NOTICE

The Board of Directors of SCONTINVEST FUND MANAGEMENT COMPANY S.A. has decided to open the compartments SCONTINVEST FUND - MULTICURRENCY FRENCH FRANC BOND as well as the compartment SCONTINVEST FUND - MULTICURRENCY MARK BOND for subscription as of January 5, 1994.

The initial subscription period shall be from January 5, 1994 until January 7, 1994 inclusive and the initial price per unit shall be respectively FRF 5.000 - for SCONTINVEST FUND - MULTICURRENCY FRENCH FRANC BOND and DEM 1.000 - for SCONTINVEST FUND - MULTICURRENCY MARK BOND. The effective payment must be done on January 10, 1994 at the latest.

Furthermore, the board of directors of SCONTINVEST FUND MANAGEMENT COMPANY S.A., with the agreement of the Custodian Bank, has decided to amend articles 1.2.4.5.7.8.9.10.11 in the 12.15.16 and 17 of the Management Regulations. The prospectus has also been revised.

Finally, the shareholders of SCONTINVEST FUND - MULTICURRENCY BOND are hereby informed that the name of the compartment is changed into SCONTINVEST FUND - MULTICURRENCY SWISS FRANC BOND, being however understood that such change does not affect the current investment policy of the said compartment.

Updated Prospectuses and Management Regulations are available at the registered office of the Management Company.

The Board of Directors

COMPANY NEWS: UK

KB keeps top jobs internal

By John Gapper, Banking Editor

Kleinwort Benson, the investment bank, has abandoned its attempt to recruit a new chief executive from outside the bank, and will instead split the responsibility between three senior executives.

Kleinwort Benson has appointed two investment banking chief executives to complement its investment management chief executive. It has been looking for a new chief executive to succeed Mr Jonathan Agnew, who left the bank in August.

There has been speculation that Kleinwort found it hard to attract an executive from another investment bank. But Lord Rockley, the executive chairman, who succeeded Mr David Peake in May, said he had not offered the job to anyone, and had decided it was unnecessary.

"We talked to a lot of people, but we did not get down to a short list. Over the months, I have been confirmed in my view of the strength of what we had internally."

Sir Nicholas Redmayne and Mr David Clementi have been appointed as joint chief executives of investment banking,

which includes financing and corporate advisory services, equity securities and treasury operations.

The two men will report jointly to Lord Rockley and Mr Simon Robertson, the deputy chairman. Mr Colin Maltby, the current chief executive of Kleinwort Benson Investment Management, will continue to report directly to them.

Lord Rockley said it was "always going to be difficult" to introduce a new chief executive from outside, and he had been searching at a time when the existing management had shown itself capable of generating much new business.

He said that 75 per cent of management decisions had been taken by executives in charge of investment management and investment banking during this year, and they had proved themselves able to deal with day-to-day issues.

The bank reported doubled interim profits for the six months to June 30 of £42.2m. However, the lack of a chief executive for several months has led to some uncertainty over its future direction.

The shares rose 30p yesterday to close at 591p.

ERF cuts loss to £0.48m but shares fall

By Kevin Done, Motor Industry Correspondent

ERF, the last remaining publicly-quoted UK truck maker, cut its pre-tax deficit substantially in the six months to the end of September 1993, from £2.7m to £0.48m.

The loss last time was £2.7m, after exceptional charges of £945,000. The shares closed 15p down at 295p.

The company has been in loss for the last three-and-a-half years during the deep recession in the UK commercial vehicle industry, but is expected to return to profit in the second half of the year, helped by the growing recovery in heavy truck demand.

Group turnover rose by 22 per cent, from £54.6m to £66.9m.

Mr Peter Foden, chairman and chief executive, said that the UK heavy truck market had increased by 24 per cent during 1993, but there was continuing heavy pressure on margins due to stiff competition from European manufacturers.

The UK is one of the few markets in Europe where truck sales have grown this year, and European truck makers have concentrated intense marketing efforts on the UK market.

Mr Foden said that the deepening recession in Europe and in many parts of the world had affected the group's export business and sales into the Spanish and French markets had been difficult.

Prospects for 1994 for ERF were "more encouraging", he said, and the company was continuing to lower its cost base and improve its competitiveness.

Despite the improved trading position there is still no interim dividend.

The level of a final distribution would depend on "trading circumstances" in the second half of the year, said Mr Foden.

Vulnerable but still in the field

Lasmo, badly affected by the oil price fall, is selling assets, writes Robert Corzine

Lasmo, one of the UK's biggest independent oil exploration and production companies and one of the most vulnerable to current low oil prices, is suffering from "a past obsession" with size, according to Mr Joe Darby, chief executive.

Yesterday's sale to PowerGen of £123m worth of assets, including 5 per cent of the promising Liverpool Bay gas project, suggests that that obsession is over.

Mr Darby took over last January from Mr Chris Greenacre, who in 1991 engineered the £1bn acquisition of Ultramar, which, with hindsight, is seen as the start of the company's troubles.

The market value of the merged company fell by about half in the six months to July last year. That was partly because of the decline in the oil price but also because of a re-rating of the merged company. Since that time Lasmo's share price and market capitalisation has roughly tracked the decline in the oil price.

Lasmo's overwhelming priority from the late 1980s was rapid growth and aggressive expansion abroad. It was such that the company was "blinded to some extent" on where oil prices were heading.

At the same time "pride in being a black oil company" left Lasmo with little exposure to buoyant natural gas prices.

The London market's judgement of past errors and strategy has been harsh. Lasmo's shares have underperformed the oil sector by some 45 per cent over the past year. Investors have reacted badly to deteriorating profitability and

the prospect that gearing will rise from 70 per cent to 80-90 per cent by the end of 1995, despite yesterday's sale.

The need to broaden the company's base and reduce its vulnerability to low oil prices will take time and could further the patience of shareholders. Mr Darby agrees that his "honeymoon" with the City has been cut short by the oil price fall.

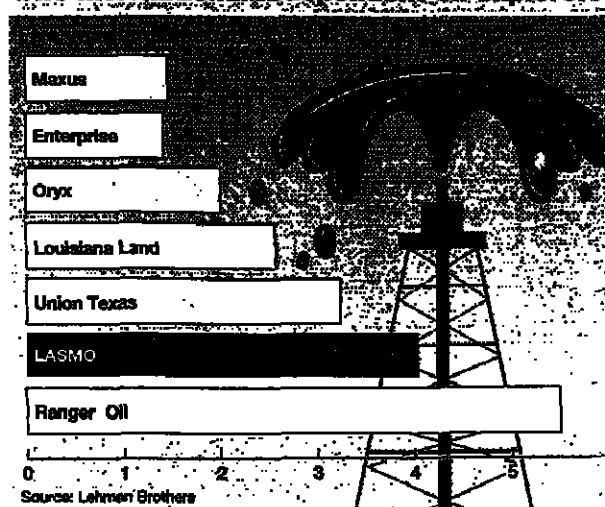
He is keen not to put further strain on the relationship. Lasmo's board will consider a final dividend in March, an event which investors will be viewing with more than usual interest. Mr Darby says eliminating a recommended 3p pay-out would save only £15m plus advance corporation tax, an amount "not very significant" to the company's overall health, especially when weighed against the message it would send to investors.

According to some analysts, Lasmo's fall from favour has distracted attention from its success in cutting costs and selling peripheral assets. Development projects, which are pushing debt upwards, are not only aimed at securing lower cost reserves, but will also be the subject of a takeover before any new appointees can settle in.

"We are vulnerable," concedes Mr Darby, "and I can't guarantee that it won't happen." But Lasmo won't resort to poison pills or other artificial defences, he says.

A takeover would be the easiest way to end Lasmo's financial pain, although Mr Darby insists that he hopes to

The international independent oil explorers



Source: Lehman Brothers

persuade shareholders that the company can succeed in its unenviable task of "investing against a sliding oil price". The main element of the strategy will be continued cost cutting, including a sharp reduction in spending on exploration and appraisal wells. A maximum of £60m will be spent in 1994, compared with £85m this year.

A long-standing criticism of Lasmo has been its poor record in finding new oil at a cost in line with industry averages. Mr Darby concedes that he "has been disappointed with the quality of some of Lasmo's people" on the exploration side. But he contends that the company's new exploration team, under Mr Peter Nolan, a veteran of British Petroleum, and future concentration on low cost

areas in which Lasmo already has a presence should lead to improvements. The company also wants to reduce its dependence on oil. One way would be to capitalise on its experience in running one of the world's largest liquefied natural gas plants in Indonesia through involvement in a similar project elsewhere. "It may be as a technical adviser or possibly even taking an equity position," according to Mr Darby.

Other gas projects linked to power generation schemes will also be considered, he says. Under the terms of the Liverpool Bay project, for example, 85 per cent of the price of the gas sold to PowerGen's planned Conah's Quay plant will be linked to the retail price index, rather than to oil prices. Mr Darby is sensitive that any future asset sales maximise shareholder value. Would-be buyers have played on Lasmo's weakness, but he does not "feel under enormous pressure to sell at distressed prices".

This attitude applies to some foreign assets which Lasmo would like to sell as well as to the Marham gas field which straddles the British and Dutch sectors of the North Sea. It has been for sale since March, but negotiations with Wintershall of Germany have so far failed to agree on a price. Yesterday's sale has eased the pressure on the company, but Lasmo remains at the mercy of the oil price. And "there are no obvious signs of improvement in the short term," concedes Mr Darby.

Granada director gets 17% pay rise

By Raymond Snoddy

Mr Gerry Robinson, the chief executive of Granada, now locked in a hostile takeover bid for London Weekend Television, received a healthy pay increase of more than 17 per cent this year.

Mr Robinson's remuneration rose in the year to October from £348,000 to £407,000, making him by far the highest paid director.

In the 12 months, the television, rental, leisure and computer services group achieved a better than expected 53 per cent increase in pre-tax profits to £170m on turnover of £1.6bn.

Mr Alex Bernstein, Granada's chairman, actually received a substantial pay cut from £257,000 to £188,000.

This reflects the arrival of Mr Robinson and the fact that as a result, Mr Bernstein is not working as many hours at the company as he used to.

Mr Robinson holds 299,172 shares in the company and has options on a further 737,500. At LWT, which is resisting a Granada offer valuing the company at more than £600m, directors and management own about 10 per cent of the company, following a share scheme put in place before the competitive tenders for new ITV licences.

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Willis Corroon floats US assets

Willis Corroon, the UK insurer, has floated approximately 55 per cent of Gryphon, the holding company for Associated International Insurance and Calvert Insurance, its US underwriting operations.

In the US and Canada, the public offer, outlined in September, was of 4.5m shares of common stock at \$13 a share, raising about \$49m (£33m) for Willis.

Underwriters to the offer, Smith Barney Shearson, Goldman Sachs and Lehman Brothers, have a 30-day option to take up a further 8.3 per cent of Gryphon to cover over-allotments.

Framlington Russia fund

By Yuri Bender

Framlington, the fund manager, has raised \$65m (£43.6m) to launch the first quoted Russia investment fund - some \$10m less than its original target.

Investors include the European Bank for Reconstruction and Development and International Finance Corp, the private sector arm of the World Bank.

The Luxembourg-registered fund will take stakes mainly in small to medium-sized joint ventures between Russian and western companies. Early investments will be in food processing, high technology and consumer goods sectors.

Listing for opencast coal company

By Michael Smith

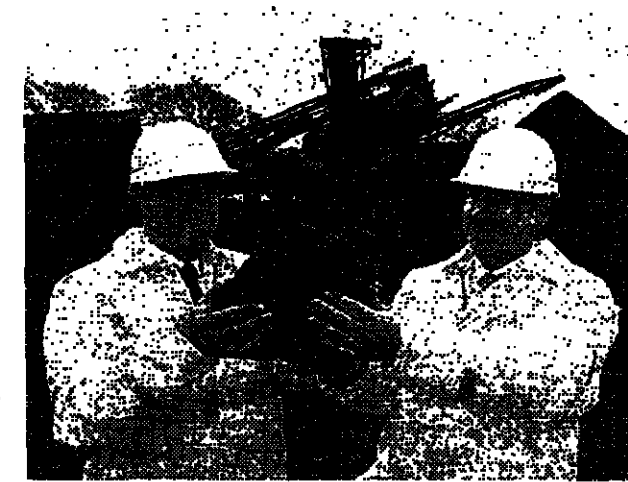
Rackwood, the Derby-based opencast coal company, is coming to the market via a placing of 9.2m shares which will raise £2.7m and capitalise the group at £6.4m.

Dealings are expected to begin on January 6.

The company sees the forthcoming privatisation of British Coal as an opportunity for growth. Like BCI's opencast operations, its business is the identification, development and operation of mining sites and the marketing and sale of the coal produced.

Also like BCI, it subcontracted the operation of its sites to specialist earthmoving and mining contractors.

The company says this enables it to obtain fixed unit costs for various site operations and does not expose



Dennis Bell (left) with Max Crosland: contracts in place to supply over 500,000 tonnes of coal to the electricity industry.

The group to risks attached to substantial investment in plant. Rackwood also has contracts to supply more than 500,000 tonnes of coal to

the electricity supply industry. It has rights at 10 sites. The majority are in the UK with some in France. One site is in operation and Rackwood expects three others to be operating next year.

Rackwood has accumulated losses of about £750,000 for the three years to last July but says this reflects efforts to build up its portfolio.

It expects pre-tax profits for 1993 to be at least £100,000. The issue, sponsored by Craig Middleton, the broker, will leave Mr Max Crosland, managing director, and Mr Dennis Bell, chairman, holding 43 per cent of the enlarged capital.

The prospectus shows that Mr Bell was fined £10,000 in connection with a breach of the exchange control act 1947 after exporting Krugerrands to France.

Invesco sells stake in Oak Inds

By Tim Burt

Invesco, the fund management company, yesterday announced the end of another chapter in its liaison with Drayton Consolidated, the failed investment trust, which extracted substantial compensation last year for mismanagement of its investments.

The company is selling its 4.6 per cent stake in Oak Industries, the US electrical components and controls manufacturer. It bought the stake in November 1992 via a \$6.5m (£4.4m) interest-free loan note as part of a compensation package agreed when Drayton was wound up.

Ironically, Invesco said its expected to make a \$5.7m profit after redeeming the

loan note.

"The exceptional profit represents a most satisfactory step in the continuing process of Invesco divesting itself of peripheral interests," the company said yesterday.

Since Invesco issued the loan note, the value of Oak shares has doubled to about \$15.

Lord Stevens, chairman of Invesco at the time it was managing Drayton's funds, is also chairman of Oak Industries.

Second Consolidated, the investment trust that emerged from the ruins of Drayton and retained a stake in Oak Industries, said it expected to benefit from a simultaneous listing through Lehman Brothers in New York.

Many of Second Consolidated's shareholders had stakes in Drayton, which failed last year following Invesco's decision to invest \$43m in Alma Holdings, a Scottish confectionery company. Alma subsequently collapsed with debts of £40m guaranteed by Drayton.

Under the compensation package, Invesco paid \$8.5m in cash to the trust's shareholders and agreed to purchase \$7.5m of loans to City Merchants Bank, another Drayton investment.

Mr Rod Richards, a director of Foreign & Colonial, the fund managers acting for Second Consolidated, said: "It's an embarrassing quirk for Invesco that they ended up making a profit on the compensation."

Film licensing difficulties behind fall to £0.65m at Novo

By Nigel Clark

Licensing difficulties within the film entertainment services division and provisions against the planned disposal of its French associate resulted in interim pre-tax profits at Novo Group falling from \$70,000 to \$649,000.

Licensing irregularities were discovered in the Walport International offshoot which

affected trading in the period and is expected to cause "significant damage" to future earnings.

The company added that it had received advice that it might be able to claim against BERT, the former owner of Walport, to recover a substantial part of the costs and losses arising from the irregularities.

As a result of the problems Novo is paying only a nominal

interim dividend of 0.1p (0.3p). The level of future payments will depend on the reinstatement of Walport's film supplies and satisfactory outcome of the warranty claims.

Turnover for the six months to September 30 was £8.4m (£5.97m). Provisions of £259,000 related primarily to the planned disposal of the French associates. Earnings per share were 0.97p (2.98p).

Scott Pickford buys as profits more than double

Scott Pickford, the USM-quoted petroleum consultant, yesterday reported more than doubled pre-tax profits for the half year to September 30. At the same time, it announced an acquisition which moves the company into a new business area.

The purchase is of Samuel Denison, a maker and distributor of computer-controlled materials testing equipment, for an initial £1.5m.

The consideration will be satisfied by the issue of 2.61m new ordinary shares, representing about 22.3 per cent of the enlarged

capital, and £235,000 in cash. A further consideration, in either cash or shares up to a maximum £850,000, is dependent on Denison's pre-tax profits exceeding £575,000 in the year ending March 31 1995.

On turnover up 55 per cent to £1.67m (£1.08m), the pre-tax result advanced to £209,114 (£103,167). The results included two months' trading from GAPS Geological Consultants, acquired in August. Earnings per share amounted to 1.89p (1p).

The shares rose 5p yesterday to reach a high for the year of 40p.

Irish Life buys AGF life assurance arm for £23.5m

By James Unwin

Irish Life, the UK subsidiary of the Dublin-based life assurance, pensions and investment group, has acquired City of Westminster Assurance, the life assurance business of AGF Holdings (UK), for £23.5m.

The purchase, which includes City of Westminster Assurance Society, takes under its wing 40,000 policyholders who generated a premium income of £8.5m in 1992.


Irish Life also announced it intends to apply early next year for a licence to operate

from the International Financial Services Centre in Dublin.

Once granted an IFSC licence would bring a number of tax advantages and increase sales in the UK and overseas.


In 1992 Irish Life had a 0.5 per cent share of the UK life assurance market, providing 15 per cent of its premium.

Mr Jean Pierre-Paunier, UK chief executive of AGF, said the French company was selling its life assurance business to strengthen its profitable non-life UK business, which provided 97 per cent of business.




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net profit up 52 per cent



IFC to acquire 5 pc stake in 20th Century Finance Corp

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مكتبة العصر

In the wake of Andrew Crockett

Pen Kent, associate director of the Bank of England since 1988, is to replace Andrew Crockett as a director of the Bank from the end of this month. But Kent, 56, will not take over as director of the international division, a post to be abolished in the new year.

As part of the Bank's efforts to untangle its convoluted allocation of responsibilities - the first such effort since 1980 - the international director's post will be abolished in January. This will leave senior staff members in London to represent the Bank at whatever international forums are most relevant to their duties in London. Former international directors - many of whom are



now in the City - include Anthony Loeblis, Sir Kit MacMahon and Sir Jeremy Morse. The international division, likely to be rechristened, will continue in a more modest

form, with the rejigging of responsibilities designed to bring its work more into the mainstream of Bank politics. Kent (left) will retain his existing responsibilities as the director for finance and industry and for the Bank's printing works.

Ian Plenderleith, currently responsible for the Bank's monetary policy operations, will add the work of Anthony Coleby to his brief when Coleby retires at the end of February.

It has already been announced in Basel that Crockett is to take over as general manager of the Bank for International Settlements from the beginning of next year.

Finance moves

Roger Barnes, who retired recently as head of the banking supervision division at the Bank of England, has been appointed a director of HAMROUS BANK. Andrew Martin Smith has also been appointed a director and head of Hambros investment management division.

Bill Smith, head of research, has been appointed chief executive of UK equities at BZW, Dick Tapper, head of derivatives trading, is also appointed head of global equity risk.

Colin Nicholl, formerly a director of Sun Alliance Investment Management, has been appointed director of UK investments at AMP ASSET MANAGEMENT.

Angus Griffin has been appointed deputy group chief executive of the NORTH OF ENGLAND BUILDING SOCIETY.

Stephen Allen has been appointed operations director of Waters Lunniss, part of NORWICH AND PETERBOROUGH BUILDING SOCIETY; he moves from Norwich Union.

Jim Kelly has been appointed to the board of HOGG ROBINSON FINANCIAL SERVICES as director of pensions administration services and systems; he was previously head of business development with R. Watson & Sons.

Daria Wallis, formerly a director of the capital markets division at Prebon Yamane (UK), is joining Martin Bierbaum Group, part of TRIO HOLDINGS.

Wayne Kitcat has been promoted to head of LLOYDS Bank Global Custody & Securities Service.

Neil Stapley, formerly md of NatWest Stockbrokers, has been appointed md, Europe and the Middle East for CHARLES SCHWAB.

George Yoxall, a former md of Abbey Life Investment Services, has been appointed md of EXETER FUND MANAGERS.

Roger Williams has been appointed a director of AITKEN HUME INTERNATIONAL.

Richard Gray, formerly director of international bond research at UBS, has been appointed a director of NOMURA INTERNATIONAL.

Philip Wylie has been appointed a director of the corporate finance division at UBS; he moves from BZW.

Bond surfaces at Bullough

Gordon Bond, who resigned earlier this month from Arjo Wiggins Appleton, the Franco-British paper group, after a boardroom row, has been snapped up by Bullough, the office products and refrigeration group.

Bond, whose resignation as chief executive of AWA's printing and writing division disappointed institutional investors and sent the stock tumbling, has been appointed chief executive at Bullough.

Bob Steel, who had been Bullough's managing director since 1988, is leaving the company after 17 years.

Although in July the group announced sharply lower interim pre-tax profits, it has since then been widely viewed as a recovery stock and its share price, which jumped 13p to 150p yesterday, has been reaching 12-month highs. The group confirmed that the operating profit, before exceptional items, is expected to be above the level of last year "by a useful margin".

Bond, 52, joins Bullough after 10 years with Rank Xerox and 10 years at AWA. He has wide experience as a director of manufacturing and marketing organisations in all main European countries as well as the US.

At AWA he managed a European division between 1984 and 1988 and then the US Appleton operations; he increased profits every year for nine consecutive years and was widely regarded as one of AWA's most successful operational directors.

Insurance moves

David Hope has been appointed a director of OCTAVIAN Syndicate Management and Charles Graham syndicate research director for Octavian Underwriting.

Terence Linnegar has been appointed chief executive of ASSICURAZIONI GENERALI (UK branch) on the retirement of John Grant.

Amanda Webster has been promoted to the board of SAYE & PROSPER Insurance.

Michael Barlow has been appointed to the board of BYAS MOSLEY GROUP.

Tim Holland-Bosworth, who recently retired as a director of Kleinwort Benson, has been appointed director of corporate finance at HENDERSON CROTHWAITE.

Ken Wilson, formerly sales manager, has been appointed a director of DOMESTIC & GENERAL INSURANCE COMPANY.

John Weedon has been appointed general manager and Stephen Flack a vice-president of KEMPER REINSURANCE LONDON.

Keith Rutter, assistant general manager in charge of London market operations, has been appointed to the board of INDEPENDENT INSURANCE COMPANY.

Graham Cook, Steve Turner and Jan Wilkins have been appointed directors in BAIN CLARKSON's Bristol office.

Stuart Perrilli, formerly md of Manulife Management, has been appointed director of sales and marketing, at Albany International, part of METLIFE (UK) GROUP.

Drake: putting BR Telecoms back on track

The appointment of John Drake as chief executive of British Rail Telecommunications marks another attempt by BR to get the privatisation of its telecom subsidiary back on track.

BR has been looking to spin off BRT for some time as a potential competitor to BT and Mercury in the UK's long-distance telecoms market. But the previous chief executive, Peter Borer, left abruptly in October after reported clashes with Sir Bob Reid, BR's chairman, over the sell-off plans.

Borer had been attempting to promote a management buy-out of BRT, but the necessary private-sector backing for the venture does not appear to have been forthcoming.

Drake, 42, will have to take BRT back to the drawing board. As the managing director of GEC Marconi Transport Systems, he knows something of the business.

But he will need to move quickly. The government wants to sell off BRT late next year. Before then, responsibility for rail signalling safety passes from BR to Railtrack, which will be free to employ other private-sector suppliers besides BRT.

Bharat Patel has been appointed finance director of WOOLWORTHS.

Martyn Pellow has been promoted to director of marketing and communications at NFC.

PROCUREMENT NOTICE
ÇUKUROVA ELEKTRİK A.Ş.

BID NO : FTM-PR 94.01

BID SUBMISSION DATE : JANUARY 27, 1994

ÇUKUROVA ELEKTRİK A.Ş. (ÇEAS) intends to procure below Protection Relays for the construction and extension works of its substations:

SCH 1: LINE MONITORING EQUIPMENT

34 EA. FAULT LOCATOR

30 EA. FAULT RECORDER

SCH 2: MAIN PROTECTION RELAYS

3 EA. BUS-BAR DIF. RELAYS

18 EA. DIST. PROTEC. RELAYS

SCH 3: MISC. PROTECTION RELAYS

6 EA. TRANS. DIF. RELAYS

358 EA. OVERCURRENT RELAYS

207 EA. AUTO-RECLOSE RELAYS

566 EA. OTHER RELAYS

This procurement shall be financed by the company resources and the Bidding shall be made according to the company's Bidding Procedures.

This Bidding is open to all Bidders who comply with below Prerequisite for Eligibility:

For all schedules:

- Bidders who have been regularly engaged for a continuous period of 10 years, prior to the date of Bid Submission, in the design and manufacture of above specified static type protection equipment.

FOR SCHEDULE 1: LINE MONITORING EQUIPMENT

- Bidders who have designed and manufactured at least 1,000 pieces of above specified Static type, Line Monitoring Equipment, out of which 500 pieces still in operation since 5 years.

FOR SCHEDULE 2: MAIN PROTECTION RELAYS

- Bidders who have designed and manufactured at least 2,000 pieces of underimpedance starting, switch type, static Distance Protection Relays, out of which 1000 pieces still in operation since 5 years, and 200 pieces of static type Bus-bar differential Relays out of which 100 pieces still in operation since 5 years.

FOR SCHEDULE 3: MISC. PROTECTION RELAYS

- Bidders who have designed and manufactured at least 500 pieces of static type Transformer Differential Relays, out of which 250 pieces still in operation since 5 years, and 20,000 pieces of static type Overcurrent Relays out of which 10,000 pieces still operation since 5 years.

A complete set of Bidding Documents may be obtained upon remittance of a non-refundable document fee of 500 USD or equivalent convertible currency, to below Bank Accounts and upon a written application to below address with evidence of payment:

BANK/BRANCH
ADABANK/ADANA
IMAR BANKASI/ADANA

ACCOUNT NO:
20000013
20002548

ADDRESS:
ÇUKUROVA ELEKTRİK A.Ş.
GENERAL MANAGEMENT
SEYHAN BARAJI
P.O.B. 239 01322 ADANA-TÜRKİYE

PHONE: 322-2350681
TELEFAX: 322-2350257
TELEX: 62735 TR

All bids must be delivered to the above offices on or before 14:00 hours Local Time, on JANUARY 27, 1994 and shall be opened at above offices of General Management.

It is essential that the Bidders shall be in conformity with the Prerequisite for Eligibility and the Bids shall be submitted in full conformity with the Bidding Documents. Other Bids shall be rejected.

ÇEAS reserves the right to accept or to reject any Bid and annul the bidding process and reject all Bids, at any time prior to award Contract, without thereby incurring any liability to the affected Bidders or any obligation to inform the affected Bidders of the grounds for ÇEAS's action.

LEGAL NOTICES

Mayflower Brokers Limited
THE INSOLVENCY ACT 1986
NOTICE IS HEREBY GIVEN pursuant to Section 96 of the Insolvency Act 1986 that a Meeting of the Creditors of the above-named Company will be held at 205 Broadway House, Yorkhill Street, London SW1H 9ND on 5 January 1994 at 11.00 a.m. for the purposes mentioned in Section 99 to 101 of the said Act. Creditors wishing to vote at the Meeting must lodge their proxy, together with a full statement of account as at the registered office - 1-11 Hay Hill, London W1X 7LF not later than 12 noon on 4 January 1994. For the purposes of voting, a secured creditor is required (unless he surrenders his security) to lodge at 1-11 Hay Hill, London W1X 7LF before the meeting, a statement giving particulars of his security, the date when it was given and the value at which it is secured. Notice is further given that a list of the names and addresses of the Company's creditors may be inspected, free of charge, at 1-11 Hay Hill, London W1X 7LF between 10.00 a.m. and 4.00 p.m. on the two business days preceding the date of the meeting noted above. By Order of the Board
M.S. LAWSON, DIRECTOR

SOUTHERN EQUITIES CORPORATION
LIMITED (SOUTHERN EQUITIES CORPORATION)
APPOINTED FORENSICALLY BOUND
CORPORATION HOLDINGS LIMITED (the "Company")
NOTICE TO SHAREHOLDERS
TAKE NOTICE THAT an application has been made to the Supreme Court of Western Australia by the scheme administrator of the Company for orders pursuant to sections 41(7) and 172(4) of the Corporations Law. The application is made because between July 1992 and August 1993 the administrators were directors of subsidiaries of the Company and mortgages of the Company without leave of the Court, when leave of the Court may be required under the Corporations Law. The administrators seek a determination whether leave of the Court is necessary and, if so, they seek orders for each leave and declaration whether their acts since July 1992. Details of the application, may be obtained from: Brian Dawson-Walsh, Solicitors (for P Taylor), 221 St George's Terrace, Perth, Western Australia, telephone for +61 9 483 4833, Fax for +61 9 483 4898. If you wish to apply to be heard on the application, you must give notice of your intention to the Court and to Brian Dawson-Walsh and your application will be heard by the Court at 9.15am on 23 January 1994.

AEROTECH ALLOYS LIMITED
Registered number: 2725112
Former name: Aerotech Limited
Trade Classification: 15
Date of Appointment: 26 November 1993
By whom appointed: Turnbull Scott Holdings plc
Date of change: 9 March 1993
Nature of charge: Debenture
SOLICITORS: BRYANT, HARTSHORN and WILKINSON COOPER
(office holder nos. 005316 and 005399/01) of
Robson Rhodes, 188 City Road, London EC1Y 2HU
Solicitors: Administrators Receivers

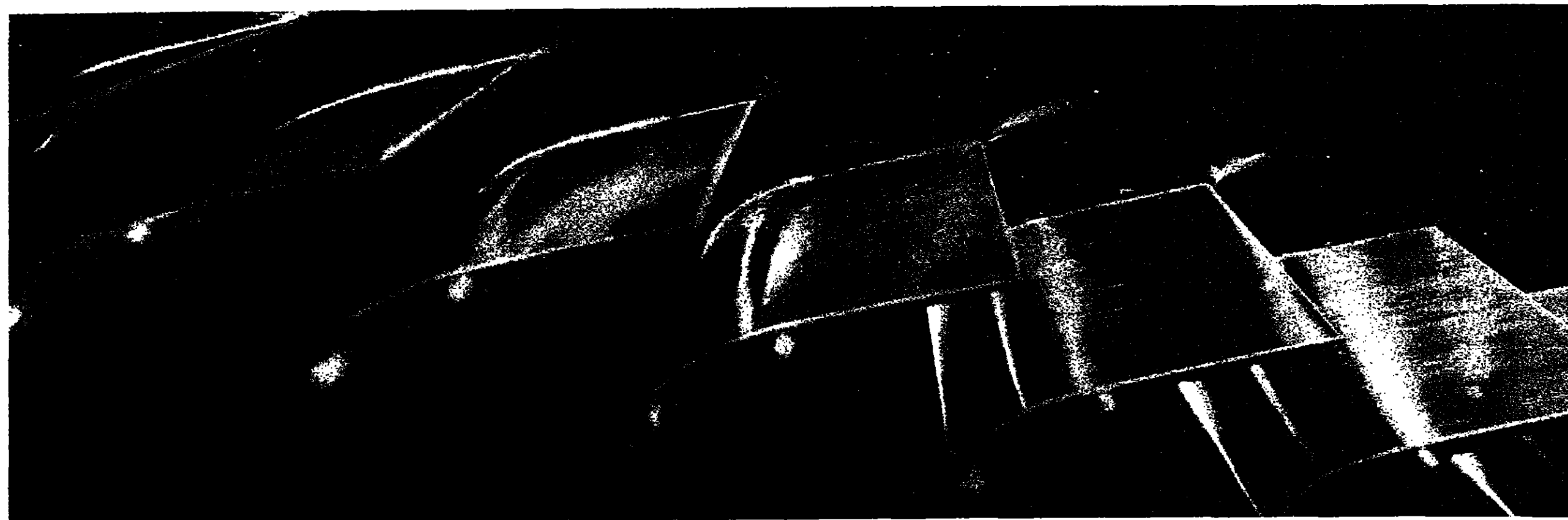
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How our technology makes even more efficient use of fossil fuels



Flow testing of blade profiles

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Greater efficiency through optimized design details
Even sophisticated products such as our steam turbines are being continually optimized. With the aid of computer-integrated manufacturing, for example, our turbine manufacturing plant in Mülheim transfers the results of three-dimensional flow calculations directly into the manufacture of blades with integral shrouding. The installation of these blades as part of turbine modernization has been a major contributory factor in increasing efficiency by as much as five percentage points.

Greater efficiency through intelligent concepts
By combining gas and steam turbines, GUD® power plants built by Siemens recover more useful energy from the primary energy used. By topping an existing steam turbine plant with a gas turbine, power plant efficiency is increased by as much as ten percentage points. With the extraction of process and district heat, our cogeneration district heating power plants achieve fuel utilization factors far in excess of 80%.

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Only cost-effective, clean power generation will be able to meet the growing worldwide energy demand while conserving resources. We are committed to putting this principle into practice. In all fields of power plant engineering we design, develop and supply state-of-the-art systems, equipment and turnkey plants tailored towards pollution control and higher cost-effectiveness.



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COMMODITIES AND AGRICULTURE

Zimbabwe's first platinum development given go-ahead

By Nikki Tait in Sydney

The go-ahead was given yesterday for Zimbabwe's first platinum mine.

Broken Hill Proprietary, the large Australian steel and natural resources group, announced that it would proceed with the A\$310m (\$142m) development of a mine and associated processing facility at the Hartley complex, on the country's Great Dyke.

The project is a joint venture with Delta Gold, another Australian mining and exploration group, although its funding will be provided solely by BHP. Assuming that an investment agreement is successfully executed with the Zimbabwe government, BHP will have a 67 per cent interest in the project, with Delta retaining 33 per cent.

According to Mr Peter Vanderspey, Delta's chairman, Hartley may be linked with other properties on the Great Dyke to form a substantial platinum producing area. He said recently that BHP and Delta were involved in talks with RTZ Corporation and

Anglo American Corporation about pooling their interests.

Mr Vanderspey suggested that the Great Dyke was geologically similar to the Bushveld Complex of South Africa, the world's biggest repository of platinum group metals. He believed the Great Dyke area had the potential to support operations producing up to 600,000 troy ounces of platinum a year - about 15 per cent of present western world demand.

Delta said recently that discussions the Zimbabwe government had "progressed well" and that "agreement in principle" had been reached on an investment framework for the project. It is expected that the development will begin fairly early in 1994.

Collaboration between the two companies on the potential project began three years ago. Delta, which holds an exclusive prospecting order on a 640-square-kilometre area in the region, covering a major part of the Hartley Complex, invited BHP to undertake a feasibility study on the possible extraction of platinum group metals in 1990.

Under an agreement between the two companies, BHP was required to let Delta know by the end of 1993, whether it intended to proceed with development of the mine. Last week, announcing BHP's half-year results, Mr John Prescott, BHP's managing director, made clear that the Melbourne-based company intended to keep to that timetable.

The A\$310m project expenditure will be spread over a three-year period, and the project will initially be designed to permit the mining of about 2.5m tonnes of ore a year. Delta recently estimated that, on the basis of 2.1m tonnes of ore a year, the mine would turn out some 150,000 troy ounces of platinum, 110,000 ounces of palladium, 23,000 ounces of gold, 7m lb of nickel and 5m lb of copper.

The project is expected to employ over 3,000 people.

News of BHP's decision lifted Delta Gold shares, which ended the day up 10 cents at A\$3.77. BHP, however, shed 16 cents, to A\$16.36, in the generally weaker Australian market.

Pakistan counts the cost of cotton losses

Many growers are now thinking of planting alternative crops, writes Farhan Bokhari

An uneasy quiet prevails around the village "Chak 38" outside Faisalabad - the centre of agricultural research and planning in the Punjab province, which is the source of much of Pakistan's foodgrain and cotton. A small group of peasants have gathered outside the half-built house of Mr Bashir Ahmed, a local landowner. The mood is sombre, almost funereal.

The outskirts of the village, other peasants look, with a sense of immense frustration, at the bare 21-acre holding that should have yielded Mr Ahmed a valuable cotton crop. Their crops have also been devastated by this year's widespread pest attacks and many are now thinking of planting alternative crops. But if they do so it will be with heavy hearts.

Meanwhile Mr Ahmed is still counting his losses. The destruction was so bad that he decided to plough his land rather than first taking the pick from his cotton plants. The labour costs would have been more than the value of the crop that remained after the pest attack.

The tragedy is not confined

Brazil's 1994-95 cotton output is forecast at 500,000 tonnes, up 40,000 tonnes from the current 1993-94 projection of 460,000 tonnes, according to a US agricultural attaché, reports Reuters from Washington.

The projection is based on estimated area increases in the two largest cotton-producing states of Paraná and São Paulo, the attaché wrote in a field report and filed from São Paulo. Prices are expected to increase in 1994 and encourage producers to increase the area.

Production in the north-east region is forecast to repeat the 1993-94 level of 50,000 tonnes, restricted by dry weather, boll weevil infestations and limited and expensive producer credit.

"We will not be able to achieve our targets and we may stay in the range of 10m bales," says Mr Ahmed Mukhtar, the Minister of State for Commerce. "This definitely would be detrimental to our economy because the surplus of 2m bales would have added to our meagre foreign exchange reserves."

Human error is being cited as one reason for the setback. "Where the damage has been caused, it is because there was no virus here before and farmers did not take adequate precautions," says Mr Waheed Sultan Khan, director of the government's highly respected Cotton Research Institute in Faisalabad. According to Mr

Khan, the worst hit areas were those with no record of similar attacks in recent years. That created a sense of complacency among the peasants and pesticides, which could have provided a useful safeguard, were not used. The farmers did not realise the importance of doing so and instead chose to save on input costs.

Cotton researchers are also looking into other factors that may have contributed to the severity of the damage. Scientists at the CRRI are trying to establish a link between higher night-time temperatures - on average 3°C to 4°C higher than in previous years - and its impact on the final yield. They hope to develop new varieties more tolerant to such environmental changes.

Meanwhile, back in the fields farmers like Mr Ahmed remain depressed. "I shall never sow cotton again although I have done it for 6 years so far," he declares. "For us, there's no cotton, he says, waving his hand towards his fellow farmers. His prophecy of doom for cotton reflects the attitude of many other farmers, who are afraid that it has become a

very high risk crop. Despite such fears, however, it is not yet clear how badly Pakistan's cotton production will suffer in the after-shock of this year's experience. More and more farmers are showing reluctance to face the risks of cotton growing, but officials such as Mr Khan are confident that the profit motive will ensure that most will soldier on. He estimates that spending Rs1 (2.1p) on inputs for cotton can earn a farmer Rs43.50, a much better return than those offered by other crops like wheat or rice.

Some officials are confident that Pakistan's success in raising its cotton output in the past will prove to be the crucial driving force behind future efforts to raise production. During the past four decades the country's cotton production has risen by a factor of ten with the adoption of newly developed high yielding varieties and improved husbandry techniques.

Back in the fields, however, many peasants find that track record of rapid progress little consolation after this year's heart-breaking experience.

Aluminium anti-dumping suits threatened by Alcoa

Aluminum Company of America will file anti-dumping charges against aluminium exports from the former Soviet Union if multilateral talks in Brussels on January 15 and 19 do not result in an agreement to cut world production of the metal, the company's chief executive, Mr Paul O'Neill, warned yesterday, reports Reuters from New York.

"If a solution doesn't come about in January, it'll be time to file suit under anti-dumping laws," he said. "We could be successful in such suits," he added.

Mr O'Neill said he was "somewhat optimistic" that the talks between aluminium producing nations would produce

an agreement to cut world output temporarily 1.5m to 2m tonnes a year.

Western producers have blamed a flood of exports from Russia for a recent slump in aluminium prices to their lowest levels ever in real terms.

Speaking at an analysts meeting, Mr O'Neill said, however, that anti-trust laws in the US and other western nations posed a formidable obstacle to any co-ordinated cuts.

"It's not possible under anti-trust law to have an allocation process," he explained. So, forming an agreement was going to involve "an unbelievably arduous drafting process".

Lead and zinc smelters cut capacity

By Kenneth Gooding, Mining Correspondent

Lead and zinc smelters are being forced to shut production capacity because concentrates, their essential raw materials, are in short supply. Concentrates are intermediate materials produced by mines and shortages are building up because many mines have been closed, victims of low metal prices.

Asturiana de Zinc de Spain, which has an annual capacity of 320,000 tonnes, enough to satisfy about 6 per cent of western world demand, is the latest producer to announce cuts. It said its zinc output would be reduced by 70,000 tonnes next year. The company

already had been forced to cut production by 10,000 tonnes a month in November and December.

Asturiana blamed concentrate shortages for its decision but some traders pointed out that at present it was discussing 1994 supplies with mines around the world and that the announcement might have been a negotiating ploy. They also suggested that the concentrate shortage was only just beginning to bite in the zinc market.

However, the situation was more severe for lead. Mitsubishi Materials Corporation of Japan said this week that it would close its only lead smelting and refining plant in April next year - the plant is

Japan's third-largest with an annual output of about 30,000 tonnes.

"Adverse market conditions and other factors have made continued operation of the facility uneconomical," the group said. In particular, Japan's decision to cut its tariffs on lead imports to 3 per cent from 9.1 per cent as a result of the Uruguay round of international trade talks contributed to this decision.

Ma Karen Norton, analyst at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, estimates that with the Mitsubishi closure, about 130,000 tonnes of refined lead production cuts have already been announced for 1994 compared with cuts of about

170,000 this year.

One of the other companies to have announced cuts, MIM of Australia, said it was to shut one of its two Mt Isa smelters next year because its stock of concentrates was running low.

The latest statistics from the International Lead and Zinc Study Group show that in the first ten months of this year mine production of lead was down by 10.7 per cent or 205,000 tonnes to 1.7m tonnes while production of refined lead eased by only 1.1 per cent to 3.6m tonnes. Mine output of zinc dropped by 9.3 per cent, or 439,000 tonnes, to 4.2m tonnes while refined zinc production slipped by only 0.7 per cent to 4.5m tonnes.

Broker forecasts tighter sugar market for 1994

By Deborah Hargreaves

The sugar market should tighten somewhat in the new year as demand continues to rise although the current ready supply to the world market and slow import demand has kept prices steady, according to the latest sugar report from E.D. & F. Man, the London commodities broker.

The success of this year's Australian and Philippine sugar crops is currently satisfying short-term demand, but Man suggests that the situation may change early next year.

Brazilian exports could be reduced if production in the north-east is lower than

year - fears of a 50 per cent drop in output have been circulated. In addition, the outlook for the Thai and Cuban crops has deteriorated in recent weeks.

Cuban exports were 60 per cent lower than last year in August at 132,964 tonnes. Concern over next year's crop has increased following heavy rains causing possible damage and delay in harvesting.

Conversely, the Thai crop could be affected by dry conditions during the growing season. A hesitant start to the Thai harvest and rumours of millers buying back some of their earlier sales has added to the market's fears of a poor outcome.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from 09.00 GMT, London Metal Exchange)

ALUMINIUM, 99.97% PURITY (\$ per tonne)

Cash 3 mths

Close 1099.95 1117.17.5

Previous 1100.1 1120.21

High/Low 1100.1 1122.114

AM Official 1099.5-10 1118-12.5

Kerb close 1117.8

Open int. 277.536

Total daily turnover 37.185

ALUMINIUM ALLOY (\$ per tonne)

Close 999.71 994.96

Previous 971.4 995-1000

AM Official 973-5 995

Kerb close 973-5 995-999

Open int. 2.786

Total daily turnover 4.6

LEAD (\$ per tonne)

Close 474.75 487.88

Previous 473.4 487.8

AM Official 472.5 488-485

Kerb close 472.5 485.5-8

Open int. 33.775

Total daily turnover 5.891

NICKEL (\$ per tonne)

Close 5293.96 5350-51

Previous 5300-5 5350-51

AM Official 5270-5325 5370-5325

Kerb close 5285-90 5347-8

Open int. 50.160

Total daily turnover 10.215

TIN (\$ per tonne)

Close 4790.95 4840-45

Previous 4795-805 4845-55

AM Official 4850-4900 4820-30

Kerb close 4770-80 4830-5

Open int. 17.148

Total daily turnover 3.574

ZINC, special high grade (\$ per tonne)

Close 984.5-5.5 1002.3

Previous 982.3 1000-1

AM Official 984.5 1000-997

Kerb close 984.5 1002-5

Open int. 67.873

Total daily turnover 14.581

COPPER, grade A (\$ per tonne)

Close 1175.80-5 1203-3.5

Previous 1175.9 1203-3.5

AM Official 1175.5 1200-1706

Kerb close 1174.5 1199-900

Open int. 208.436

Total daily turnover 70.022

LME AMERICAN CDS RATE: 1.4895

LME Clearing CDS rate: 1.4940

Stock 6950 1 mths 1.4675 6 mths 1.4319 9 mths 1.4772

HIGH GRADE COPPER COMEX

Close 81.00 -0.40 81.50 81.00

Previous 81.00 -0.50 81.50 81.00

AM Official 81.00 -0.40 81.50 81.00

Kerb close 81.00 -0.40 81.50 81.00

Open int. 81.00 -0.40 81.50 81.00

Total 81.00 -0.40 81.50 81.00

PRECIOUS METALS

LONDON GOLD MARKET

(Prices supplied by N.M. Rothschild)

Gold (Troy oz) 386.00-386.00

Close 387.60-388.00

Previous 386.40 387.25

AM Official 387.60-388.00

Kerb close 387.60-388.00

Open int. 387.60-388.00

Total 387.60-388.00

LONDON GOLD LENDING RATES (US \$)

1 month 2.00 6 months 2.00

2 months 2.00 12 months 2.00

3 months 2.00

Silver Fix 347.00 US \$ equiv

Spot 347.00 US \$ equiv

3 months 347.00 US \$ equiv

6 months 347.00 US \$ equiv

1 year 347.00 US \$ equiv

Gold Coins 347.00 US \$ equiv

Kruggerand 347.00 US \$ equiv

Happle Leaf 347.00 US \$ equiv

New Sovereign 347.00 US \$ equiv

PRECIOUS METALS continued

GOLD COMEX (100 Troy oz; \$/troy oz)

Sett. Day's

High Low

Open

Sett. Day's

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LONDON STOCK EXCHANGE

MARKET REPORT

Profit-taking halted as equity buyers reappear

By Terry Byland,
UK Stock Market Editor

The optimism refused to be dented by early falls in UK stocks yesterday and, encouraged again by firms in stock index futures, shares were driven ahead towards the close by suggestions that a Swiss investment house was putting together a large buy programme in UK equities.

In early trading the FT-SE 100 index was down nearly 10 points as overnight profit-taking orders were completed. But the day's low in the 3,500 area was reached quickly and the market then benefited from firmness in other European bourses and a solid premium on the March contract on the Footsie index.

With several sectors facing profit-taking recommendations from UK

broking houses, upward progress was difficult and the gain in the market was stopped at around 15 points on the Footsie before profit-takers came back again when UK bonds turned sluggish.

The final punch came when the March futures contract moved to a strong premium and shares moved close to the early highs. At the end of the session, the FT-SE index showed a net gain of 13.3 to 3,557.7. Renewed demand for the smaller stocks took the FT-SE Mid 250 index to a new peak of 3,727, up 20.1 on the day.

Traders saw yesterday's performance from the stock market as convincing evidence that the big investment institutions will not let share prices fall very far below existing levels before re-entering the market as buyers of UK equi-

| Account Dealing Dates | | |
|---|--------|--------|
| First Dealing | Dec 13 | Jan 4 |
| Second Dealing | Dec 13 | Jan 27 |
| Third Dealing | Dec 27 | Jan 28 |
| Fourth Dealing | Dec 27 | Jan 28 |
| Account Date | Jan 24 | Feb 7 |
| New time dealing may take place from two business days earlier. | | |

ties. However, buying was somewhat selective with several sectors lagging behind a stock market which has performed spectacularly over the past two months.

Significantly, Seag volume increased as the market turned higher and the final total was 776.2m shares compared with 779.2m on Tuesday; equity trading retail value in the previous session was £1.78bn, an impressive figure

for a pre-Christmas trading session. Non-Footsie business made up around 66 per cent of yesterday's Seag total, a relatively high level compared to recent sessions.

Interest rate hopes remained in place, inspiring further gains in the merchant banks and other financial shares. Building stocks, also closely linked to interest rate hopes, did well and the stores sector, which has lain under a cloud, found buyers.

Strategists noted that the London market appeared to brush off news from the corporate sector, which ranged from renewed threats of problems at Euro Disney to another asset sale by Lasso, the UK-based oil exploration company.

Sentiment was also helped at first by a steadier tone in UK govern-

ment bonds, although this was unsettled later when both short and longer dated bonds turned easier. The domestic bond market has been a prime force behind UK equities, as the fall in returns on bonds has made shares more attractive to institutional investors.

However, while impressed by the high trading volumes reported in the stock market, traders pointed out that marketmakers are still trying to keep books tight ahead of the extended Christmas holiday weekend, and that this makes share prices highly responsive to sudden changes in investment direction.

The big institutions have largely closed down their trading positions for the extended holiday break and are now content to overhaul portfolio positions, trading only at the margins of their holdings.

FT-A All-Share index



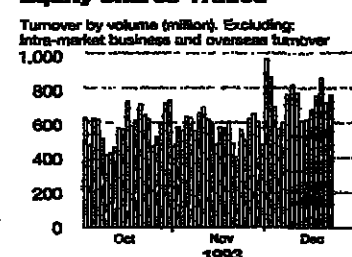
Key indicators

| Indicator | Value | % Chg |
|----------------------|---------|--------|
| FT-SE 100 | 3557.7 | +13.3 |
| FT-SE Mid 250 | 3727.0 | +20.1 |
| FT-SE-A 350 | 1672.0 | +7.2 |
| FT-A All-Share | 1651.09 | +7.01 |
| FT-A All-Share yield | 3.43 | (3.45) |

Best performing sectors

| Sector | % Chg |
|-------------------|-------|
| Media | +1.7 |
| Merchant Banks | +1.4 |
| Other Industrials | +1.2 |
| Insurance Brokers | +1.1 |
| Business Services | +1.1 |

Equity Shares Traded



Worst performing sectors

| Sector | % Chg |
|----------------|-------|
| Textiles | -1.4 |
| Property | -0.9 |
| Food Retailing | -0.9 |
| Oil & Gas | -0.8 |
| Electricals | -0.7 |

Forecast cut hits Coats

Textiles group Coats Viyella was hit after one of its joint brokers cut its profits forecast for the company to reflect the slow recovery in the industry.

Securities house BZW, which shares the brokingship with Cowi, was said to have cut by 55m to £147m for this financial year, bringing its estimate into the lower end of the current range of £145m to £155m.

The downgrade was followed by a statement from the company that it expected to meet its original forecasts. Some in the market interpreted this as an unwarranted move to dampen criticism and failed to take heed.

The shares remained at their low of the day, down 8% at 259.9p.

Kleinwort strong

The rehabilitation of Kleinwort Benson, the merchant bank, was taken a stage further yesterday after the bank announced its long awaited new senior management structure. Sir Nicholas Radnayne and Mr David Clement will

share the chief executive role at the merchant bank.

The moves were greeted enthusiastically by the stock market, where Kleinwort Benson shares, savaged in the aftermath of the stock market crash of October 1987 and also by a disastrous bought deal in Premier Consolidated Oilfields, surged ahead 30 to 50p, their highest closing level since just before the 1987 crash.

A banking specialist commented: "After their half-year performance there was really no need for any major upheavals in Kleinwort's businesses; the news got a very receptive audience." However, he also attributed part of yesterday's

upsurge in Kleinwort shares to an ever tightening squeeze on marketmakers' short positions in the stock.

S.G. Warburg also participated in the strong showing of the merchant bank sector, finishing 12 up at 942p.

News that Lasso is selling 123m of offshore North Sea assets, including part of its Liverpool Bay and Southern Gas Basin interests, came as a surprise to the market.

The shares' failure to make progress after the move, generally greeted favourably by oil sector analysts, was attributed to hefty selling pressure by one of the leading US investment banks involved in market-

making in the UK. Lasso shares closed a penny higher at 114p. Turnover was a hefty 5.2m shares.

"It is a good deal for Lasso and they got a good price; it is gratifying that the Lasso directors are aggressively managing the company's assets after the problems of the past year or so," said an analyst.

British Gas was the market's most heavily traded stock, with more than 23m shares changing hands. The stock price retreated 13/4 to 333p, still burdened by the market's poor perception of the Department of Trade move to dismantle British Gas's monopoly in the domestic gas market.

There was also evidence of large-scale switching out of Gas and into BP. The latter improved to 358p at one point following the switch moves, but attracted further US selling late in the session to close marginally easier at 355p.

Reuters jumped 44 to 1816p on the stock shortage in the wake of a number of relatively large delayed trades which made up nearly half the day's 889,000 share trading volume. The shares initially hit an all-time high of 1822p.

Earlier, S.G. Warburg reaffirmed the share on international asset allocation list which included nine other UK stocks.

International publisher Reed International gained 22 to 890p with dealers focusing on a buy note from US house Goldman Sachs. Goldman's was unavailable for comment.

Chemicals group ICI fell 4 to

said it had adjusted its forecast down by around 8 per cent but was still above Hoare Govett's £350m bottom of the range estimate. It said it expected the shares to fall by between 5 and 10 per cent before they became a "compelling buy".

Chemicals group Courtaulds fell 10 1/4 to 455p as a result of a technical trade in the options market by one securities house left with too much stock on its hands. The trade offset the potentially beneficial effect of a £2.7m disposal by the company. Courtaulds sold its industrial paints business to Croda International, whose shares eased a penny to 32p.

A worsening stock shortage and some determined buying by one of the leading UK marketmaking houses was said to have driven the banks sharply better in early trading. Best levels were not always held, however, and TSB settled 1 1/4 off on the session at 251p, having reached 258p at the outset.

Sun Alliance shrugged off suggestions of a Smith New Court downgrade, closing 5 up at 478p.

Construction group Costain attracted some heavy activity, 5.7m traded, closing 1 1/4 ahead at 29p with institutions said to be chasing the stock as a strong recovery prospect.

Food retailers came under renewed pressure as stories persisted of an imminent outbreak of price wars and continued fretting over margins. Hoare Govett added additional concerns to Argyl's group, arguing that the stock was par-

ticularly prone to eroding margins. The shares dropped 4 1/4 to 275 1/2p.

In a mixed food manufacturing sector, Straus Turnbull emerged as a strong buyer of Perkins Foods, the shares adding 4 1/4 to 67p. The broker argued that the stock had been oversold and that its yield was now double that of the base rate and three times the market's yield.

There was another generally weak session in the drinks sector, with agency broker James Capel advising clients to take profits. Most of the falls were limited to the brewers with Bass dropping 9 to 555p, Greenalls 5 to 450p, Roddington 7 to 282p and Whitbread 5 to 579p.

Euro Disney slid 8 to 385p as auditors to the theme park operator said it may have to close if it failed in talks to restructure its financing with bankers and parent company Walt Disney by next spring.

P&O jumped forward after announcing the £17.5m sale of a large part of its investment in a Hong Kong terminal. The company said the disposal would add profits of around £44m for 1993. The shares gained 7 to 649p.

Positive comments from Kleinwort Benson and Smith New Court were said to have helped British Aerospace, up 7 to 413p.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

Other statistics, Page 14

EQUITY FUTURES AND OPTIONS TRADING

Footsie futures retained their lead against the underlying stock market yesterday as buyers returned, writes Peter John.

The March contract opened at 3,555 and moved ahead to 3,590, at which stage it reflected a premium of some 30 points to cash. Then in the afternoon, dealers said that

was heavy buying linked to expiry of a large tailor-made Footsie option expiring at 3,350.

Morgan Stanley, the US investment house, was believed to be behind the deal. The house, which has a prestigious global client list, has become a by-word for large futures related deals in

the past few months. In mid-November it bought 5,000 FT-SE puts - options to sell the market at a fixed time and price.

By the official close, just after 4pm, the March contract hit 3,577 on moderate turnover of 8,711 lots but the buying pressure pushed it back up by another 10 points in after hours dealing.

Fair value for the March contract - the premium which factors in the cost of carrying minus the dividends that would be had by holding the underlying stocks - is estimated at around 18 points.

On the options side of LIFFE, total turnover of 49,139 lots was up from 37,336 lots on Tuesday but activity was boosted by expiry of a number of stock options.

Some 25 stocks had their December series expiring and all the most actively-traded issues - British Gas (5,634 lots), Dixons (3,582), Glaxo (2,554), Barclays (2,454), TSB (1,648) and Hillier (1,698) - reflected the technical situation. Turnover in Footsie related options was less than 18,000 lots.

TRADING VOLUME

Major Stocks yesterday

| Stock | Vol. | Closing | Day's |
|----------------|-------|---------|-------|
| ASDA Group | 5,200 | 476 1/2 | +0.2 |
| Alloy National | 2,400 | 476 1/2 | +0.2 |
| Alloy National | 2,400 | 476 1/2 | +0.2 |
| Alloy National | 2,400 | 476 1/2 | +0.2 |
| Alloy National | 2,400 | 476 1/2 | +0.2 |
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| Alloy National | 2,400 | 476 1/2 | +0.2 |
| Alloy National | 2,400 | 476 1/2 | +0.2 |
| Alloy National | 2,400 | 476 1/2 | +0.2 |

LONDON EQUITIES

LIFFE EQUITY OPTIONS

| Option | Call | Put |
|----------------|---------------|---------------|
| Alloy National | 100 19 37 1/2 | 100 19 37 1/2 |
| Alloy National | 100 19 37 1/2 | 100 19 37 1/2 |
| Alloy National | 100 19 37 1/2 | 100 19 37 1/2 |
| Alloy National | 100 19 37 1/2 | 100 19 37 1/2 |
| Alloy National | 100 19 37 1/2 | 100 19 37 1/2 |

RISES AND FALLS YESTERDAY

| Index | Rise | Fall | Same |
|------------------------|------|------|-------|
| British Funds | 8 | 51 | 19 |
| Other Funds | 10 | 0 | 15 |
| Commercial, Industrial | 414 | 238 | 823 |
| Financial | 108 | 0 | 31 |
| Property | 20 | 19 | 95 |
| Investment Trusts | 211 | 21 | 309 |
| Oil & Gas | 7 | 19 | 19 |
| Mines | 20 | 55 | 94 |
| Others | 39 | 53 | 54 |
| Totals | 787 | 458 | 1,511 |

Data based on those companies listed in the London Share Index.

LONDON RECENT ISSUES: EQUITIES

| | | |
|-----|------|------------------------|
| 14 | 17% | Commercial, Industrial |
| 18½ | 23½% | Financial |
| 11 | 14 | Property |
| 22 | 25 | Investment Trusts |
| 19 | 24½% | Oil & Gas |
| | | Mines |

HOTELS & LEISURE - Cont**HOTELS & LEISURE - Cont**

| MS | YH | Gr |
|-----|------|----|
| 100 | 7.83 | 1 |
| 95 | 7.83 | 3 |
| 90 | 7.83 | 3 |
| 85 | 7.83 | 3 |
| 80 | 7.83 | 3 |
| 75 | 7.83 | 3 |
| 70 | 7.83 | 3 |
| 65 | 7.83 | 3 |
| 60 | 7.83 | 3 |
| 55 | 7.83 | 3 |
| 50 | 7.83 | 3 |
| 45 | 7.83 | 3 |
| 40 | 7.83 | 3 |
| 35 | 7.83 | 3 |
| 30 | 7.83 | 3 |
| 25 | 7.83 | 3 |
| 20 | 7.83 | 3 |
| 15 | 7.83 | 3 |
| 10 | 7.83 | 3 |
| 5 | 7.83 | 3 |
| 0 | 7.83 | 3 |

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| 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 | 2078 | 2079 | 2080 | 2081 | 2082 | 2083 | 2084 | 2085 | 2086 | 2087 | 2088 | 2089 | 2090 | 2091 | 2092 | 2093 | 2094 | 2095 | 2096 | 2097 | 2098 | 2099 | 2100 | 2101 | 2102 | 2103 | 2104 | 2105 | 2106 | 2107 | 2108 | 2109 | 2110 | 2111 | 2112 | 2113 | 2114 | 2115 | 2116 | 2117 | 2118 | 2119 | 2120 | 2121 | 2122 | 2123 | 2124 | 2125 | 2126 | 2127 | 2128 | 2129 | 2130 | 2131 | 2132 | 2133 | 2134 | 2135 | 2136 | 2137 | 2138 | 2139 | 2140 | 2141 | 2142 | 2143 | 2144 | 2145 | 2146 | 2147 | 2148 | 2149 | 2150 | 2151 | 2152 | 2153 | 2154 | 2155 | 2156 | 2157 | 2158 | 2159 | 2160 | 2161 | 2162 | 2163 | 2164 | 2165 | 2166 | 2167 | 2168 | 2169 | 2170 | 2171 | 2172 | 2173 | 2174 | 2175 | 2176 | 2177 | 2178 | 2179 | 2180 | 2181 | 2182 | 2183 | 2184 | 2185 | 2186 | 2187 | 2188 | 2189 | 2190 | 2191 | 2192 | 2193 | 2194 | 2195 | 2196 | 2197 | 2198 | 2199 | 2200 | 2201 | 2202 | 2203 | 2204 | 2205 | 2206 | 2207 | 2208 | 2209 | 2210 | 2211 | 2212 | 2213 | 2214 | 2215 | 2216 | 2217 | 2218 | 2219 | 2220 | 2221 | 2222 | 2223 | 2224 | 2225 | 2226 | 2227 | 2228 | 2229 | 2230 | 2231 | 2232 | 2233 | 2234 | 2235 | 2236 | 2237 | 2238 | 2239 | 2240 | 2241 | 2242 | 2243 | 2244 | 2245 | 2246 | 2247 | 2248 | 2249 | 2250 | 2251 | 2252 | 2253 | 2254 | 2255 | 2256 | 2257 | 2258 | 2259 | 2260 | 2261 | 2262 | 2263 | 2264 | 2265 | 2266 | 2267 | 2268 | 2269 | 2270 | 2271 | 2272 | 2273 | 2274 | 2275 | 2276 | 2277 | 2278 | 2279 | 2280 | 2281 | 2282 | 2283 | 2284 | 2285 | 2286 | 2287 | 2288 | 2289 | 2290 | 2291 | 2292 | 2293 | 2294 | 2295 | 2296 | 2297 | 2298 | 2299 | 2300 | 2301 | 2302 | 2303 | 2304 | 2305 | 2306 | 2307 | 2308 | 2309 | 2310 | 2311 | 2312 | 2313 | 2314 | 2315 | 2316 | 2317 | 2318 | 2319 | 2320 | 2321 | 2322 | 2323 | 2324 | 2325 | 2326 | 2327 | 2328 | 2329 | 2330 | 2331 | 2332 | 2333 | 2334 | 2335 | 2336 | 2337 | 2338 | 2339 | 2340 | 2341 | 2342 | 2343 | 2344 | 2345 | 2346 | 2347 | 2348 | 2349 | 2350 | 2351 | 2352 | 2353 | 2354 | 2355 | 2356 | 2357 | 2358 | 2359 | 2360 | 2361 | 2362 | 2363 | 2364 | 2365 | 2366 | 2367 | 2368 | 2369 | 2370 | 2371 | 2372 | 2373 | 2374 | 2375 | 2376 | 2377 | 2378 | 2379 | 2380 | 2381 | 2382 | 2383 | 2384 | 2385 | 2386 | 2387 | 2388 | 2389 | 2390 | 2391 | 2392 | 2393 | 2394 | 2395 | 2396 | 2397 | 2398 | 2399 | 2400 | 2401 | 2402 | 2403 | 2404 | 2405 | 2406 | 2407 | 2408 | 2409 | 2410 | 2411 | 2412 | 2413 | 2414 | 2415 | 2416 | 2417 | 2418 | 2419 | 2420 | 2421 | 2422 | 2423 | 2424 | 2425 | 2426 | 2427 | 2428 | 2429 | 2430 | 2431 | 2432 | 2433 | 2434 | 2435 | 2436 | 2437 | 2438 | 2439 | 2440 | 2441 | 2442 | 2443 | 2444 | 2445 | 2446 | 2447 | 2448 | 2449 | 2450 | 2451 | 2452 | 2453 | 2454 | 2455 | 2456 | 2457 | 2458 | 2459 | 2460 | 2461 | 2462 | 2463 | 2464 | 2465 | 2466 | 2467 | 2468 | 2469 | 2470 | 2471 | 2472 | 2473 | 2474 | 2475 | 2476 | 2477 | 2478 | 2479 | 2480 | 2481 | 2482 | 2483 | 2484 | 2485 | 2486 | 2487 | 2488 | 2489 | 2490 | 2491 | 2492 | 2493 | 2494 | 2495 | 2496 | 2497 | 2498 | 2499 | 2500 | 2501 | 2502 | 2503 | 2504 | 2505 | 2506 | 2507 | 2508 | 2509 | 2510 | 2511 | 2512 | 2513 | 2514 | 2515 | 2516 | 2517 | 2518 | 2519 | 2520 | 2521 | 2522 | 2523 | 2524 | 2525 | 2526 | 2527 | 2528 | 2529 | 2530 | 2531 | 2532 | 2533 | 2534 | 2535 | 2536 | 2537 | 2538 | 2539 | 2540 | 2541 | 2542 | 2543 | 2544 | 2545 | 2546 | 2547 | 2548 | 2549 | 2550 | 2551 | 2552 | 2553 | 2554 | 2555 | 2556 | 2557 | 2558 | 2559 | 2560 | 2561 | 2562 | 2563 | 2564 | 2565 | 2566 | 2567 | 2568 | 2569 | 2570 | 2571 | 2572 | 2573 | 2574 | 2575 | 2576 | 2577 | 2578 | 2579 | 2580 | 2581 | 2582 | 2583 | 2584 | 2585 | 2586 | 2587 | 2588 | 2589 | 2590 | 2591 | 2592 | 2593 | 2594 | 2595 | 2596 | 2597 | 2598 | 2599 | 2600 | 2601 | 2602 | 2603 | 2604 | 2605 | 2606 | 2607 | 2608 | 2609 | 2610 | 2611 | 2612 | 2613 | 2614 | 2615 | 2616 | 2617 | 2618 | 2619 | 2620 | 2621 | 2622 | 2623 | 2624 | 2625 | 2626 | 2627 | 2628 | 2629 | 2630 | 2631 | 2632 | 2633 | 2634 | 2635 | 2636 | 2637 | 2638 | 2639 | 2640 | 2641 | 2642 | 2643 | 2644 | 2645 | 2646 | 2647 | 2648 | 2649 | 2650 | 2651 | 2652 | 2653 | 2654 | 2655 | 2656 | 2657 | 2658 | 2659 | 2660 | 2661 | 2662 | 2663 | 2664 | 2665 | 2666 | 2667 | 2668 | 2669 | 2670 | 2671 | 2672 | 2673 | 2674 | 2675 | 2676 | 2677 | 2678 | 2679 | 2680 | 2681 | 2682 | 2683 | 2684 | 2685 | 2686 | 2687 | 2688 | 2689 | 2690 | 2691 | 2692 | 2693 | 2694 | 2695 | 2696 | 2697 | 2698 | 2699 | 2700 | 2701 | 2702 | 2703 | 2704 | 2705 | 2706 | 2707 | 2708 | 2709 | 2710 | 2711 | 2712 | 2713 | 2714 | 2715 | 2716 | 2717 | 2718 | 2719 | 2720 | 2721 | 2722 | 2723 | 2724 | 2725 | 2726 | 2727 | 2728 | 2729 | 2730 | 2731 | 2732 | 2733 | 2734 | 2735 | 2736 | 2737 | 2738 | 2739 | 2740 | 2741 | 2742 | 2743 | 2744 | 2745 | 2746 | 2747 | 2748 | 2749 | 2750 | 2751 | 2752 | 2753 | 2754 | 2755 | 2756 | 2757 | 2758 | 2759 | 2760 | 2761 | 2762 | 2763 | 2764 | 2765 | 2766 | 2767 | 2768 | 2769 | 2770 | 2771 | 2772 | 2773 | 2774 | 2775 | 2776 | 2777 | 2778 | 2779 | 2780 | 2781 | 2782 | 2783 | 2784 | 2785 | 2786 | 2787 | 2788 | 2789 | 2790 | 2791 | 2792 | 2793 | 2794 | 2795 | 2796 | 2797 | 2798 | 2799 | 2800 | 2801 | 2802 | 2803 | 2804 | 2805 | 2806 | 2807 | 2808 | 2809 | 2810 | 2811 | 2812 | 2813 | 2814 | 2815 | 2816 | 2817 | 2818 | 2819 | 2820 | 2821 | 2822 | 2823 | 2824 | 2825 | 2826 | 2827 | 2828 | 2829 | 2830 | 2831 | 2832 | 2833 | 2834 | 2835 | 2836 | 2837 | 2838 | 2839 | 2840 | 2841 | 2842 | 2843 | 2844 | 2845 | 2846 | 2847 | 2848 | 2849 | 2850 | 2851 | 2852 | 2853 | 2854 | 2855 | 2856 | 2857 | 2858 | 2859 | 2860 | 2861 | 2862 | 2863 | 2864 | 2865 | 2866 | 2867 | 2868 | 2869 | 2870 | 2871 | 2872 | 2873 | 2874 | 2875 | 2876 | 2877 | 2878 | 2879 | 2880 | 2881 | 2882 | 2883 | 2884 | 2885 | 2886 | 2887 | 2888 | 2889 | 2890 | 2891 | 2892 | 2893 | 2894 | 2895 | 2896 | 2897 | 2898 | 2899 | 2900 | 2901 | 2902 | 2903 | 2904 | 2905 | 2906 | 2907 | 2908 | 2909 | 2910 | 2911 | 2912 | 2913 | 2914 | 2915 | 2916 | 2917 | 2918 | 2919 | 2920 | 2921 | 2922 | 2923 | 2924 | 2925 | 2926 | 2927 | 2928 | 2929 | 2930 | 2931 | 2932 | 2933 | 2934 | 2935 | 2936 | 2937 | 2938 | 2939 | 2940 | 2941 | 2942 | 2943 | 2944 | 2945 | 2946 | 2947 | 2948 | 2949 | 2950 | 2951 | 2952 | 2953 | 2954 | 2955 | 2956 | 2957 | 2958 | 2959 | 2960 | 2961 | 2962 | 2963 | 2964 | 2965 | 2966 | 2967 | 2968 | 2969 | 2970 | 2971 | 2972 | 2973 | 2974 | 2975 | 2976 | 2977 | 2978 | 2979 | 2980 | 2981 | 2982 | 2983 | 2984 | 2985 | 2986 | 2987 | 2988 | 2989 | 2990 | 2991 | 2992 | 2993 | 2994 | 2995 | 2996 | 2997 | 2998 | 2999 | 3000 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-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| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 |
|----|------|------|------|-------|-------|------|
| +2 | 167 | 73 | 8.8 | 126.9 | -17.1 | - |
| +1 | 238 | 107 | 8.9 | 134.7 | -17.8 | - |
| 0 | 31 | 77 | 3.5 | 106.3 | -8.8 | - |
| -1 | 31 | 124 | 4.5 | 151.8 | - | - |
| -2 | 28 | 97 | 3.8 | 131.5 | 10.1 | - |
| -3 | 22 | 12 | - | - | - | - |
| -4 | 210 | 237 | 8.3 | 123.8 | 10.6 | - |
| -5 | 167 | 178 | 17.8 | - | - | - |

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| 134 | 147 | 84 | 82 |
| 135 | 148 | 85 | 83 |
| 136 | 149 | 86 | 84 |
| 137 | 150 | 87 | 85 |
| 138 | 151 | 88 | 86 |
| 139 | 152 | 89 | 87 |
| 140 | 153 | 90 | 88 |
| 141 | 154 | 91 | 89 |
| 142 | 155 | 92 | 90 |
| 143 | 156 | 93 | 91 |
| 144 | 157 | 94 | 92 |
| 145 | 158 | 95 | 93 |
| 146 | 159 | 96 | 94 |
| 147 | 160 | 97 | 95 |
| 148 | 161 | 98 | 96 |
| 149 | 162 | 99 | 97 |
| 150 | 163 | 100 | 98 |
| 151 | 164 | 101 | 99 |
| 152 | 165 | 102 | 100 |
| 153 | 166 | 103 | 101 |
| 154 | 167 | 104 | 102 |
| 155 | 168 | 105 | 103 |
| 156 | 169 | 106 | 104 |
| 157 | 170 | 107 | 105 |
| 158 | 171 | 108 | 106 |
| 159 | 172 | 109 | 107 |
| 160 | 173 | 110 | 108 |
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| 162 | 175 | 112 | 110 |
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| 165 | 178 | 115 | 113 |
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| 200 | 280 | 300 | 320 | 340 | 360 | 380 | 400 | 420 | 440 | 460 | 480 | 500 | 520 | 540 | 560 | 580 | 600 | 620 | 640 | 660 | 680 | 700 | 720 | 740 | 760 | 780 | 800 | 820 | 840 | 860 | 880 | 900 | 920 | 940 | 960 | 980 | 1000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

| Notes | Price | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 | 1574 | 1573 | 1572 | 1571 | 1570 | 1569 | 1568 | 1567 | 1566 | 1565 | 1564 | 1563 | 1562 | 1561 | 1560 | 1559 | 1558 | 1557 | 1556 | 1555 | 1554 | 1553 | 1552 | 1551 | 1550 | 1549 | 1548 | 1547 | 1546 | 1545 | 1544 | 1543 | 1542 | 1541 | 1540 | 1539 | 1538 | 1537 | 1536 | 1535 | 1534 | 1533 | 1532 | 1531 | 1530 | 1529 | 1528 | 1527 | 1526 | 1525 | 1524 | 1523 | 1522 | 1521 | 1520 | 1519 | 1518 | 1517 | 1516 | 1515 | 1514 | 1513 | 1512 | 1511 | 1510 | 1509 | 1508 | 1507 | 1506 | 1505 | 1504 | 1503 | 1502 | 1501 | 1500 | 1499 | 1498 | 1497 | 1496 | 1495 | 1494 | 1493 | 1492 | 1491 | 1490 | 1489 | 1488 | 1487 | 1486 | 1485 | 1484 | 1483 | 1482 | 1481 | 1480 | 1479 | 1478 | 1477 | 1476 | 1475 | 1474 | 1473 | 1472 | 1471 | 1470 | 1469 | 1468 | 1467 | 1466 | 1465 | 1464 | 1463 | 1462 | 1461 | 1460 | 1459 | 1458 | 1457 | 1456 | 1455 | 1454 | 1453 | 1452 | 1451 | 1450 | 1449 | 1448 | 1447 | 1446 | 1445 | 1444 | 1443 | 1442 | 1441 | 1440 | 1439 | 1438 | 1437 | 1436 | 1435 | 1434 | 1433 | 1432 | 1431 | 1430 | 1429 | 1428 | 1427 | 1426 | 1425 | 1424 | 1423 | 1422 | 1421 | 1420 | 1419 | 1418 | 1417 | 1416 | 1415 | 1414 | 1413 | 1412 | 1411 | 1410 | 1409 | 1408 | 1407 | 1406 | 1405 | 1404 | 1403 | 1402 | 1401 | 1400 | 1399 | 1398 | 1397 | 1396 | 1395 | 1394 | 1393 | 1392 | 1391 | 1390 | 1389 | 1388 | 1387 | 1386 | 1385 | 1384 | 1383 | 1382 | 1381 | 1380 | 1379 | 1378 | 1377 | 1376 | 1375 | 1374 | 1373 | 1372 | 1371 | 1370 | 1369 | 1368 | 1367 | 1366 | 1365 | 1364 | 1363 | 1362 | 1361 | 1360 | 1359 | 1358 | 1357 | 1356 | 1355 | 1354 | 1353 | 1352 | 1351 | 1350 | 1349 | 1348 | 1347 | 1346 | 1345 | 1344 | 1343 | 1342 | 1341 | 1340 | 1339 | 1338 | 1337 | 1336 | 1335 | 1334 | 1333 | 1332 | 1331 | 1330 | 1329 | 1328 | 1327 | 1326 | 1325 | 1324 | 1323 | 1322 | 1321 | 1320 | 1319 | 1318 | 1317 | 1316 | 1315 | 1314 | 1313 | 1312 | 1311 | 1310 | 1309 | 1308 | 1307 | 1306 | 1305 | 1304 | 1303 | 1302 | 1301 | 1300 | 1299 | 1298 | 1297 | 1296 | 1295 | 1294 | 1293 | 1292 | 1291 | 1290 | 1289 | 1288 | 1287 | 1286 | 1285 | 1284 | 1283 | 1282 | 1281 | 1280 | 1279 | 1278 | 1277 | 1276 | 1275 | 1274 | 1273 | 1272 | 1271 | 1270 | 1269 | 1268 | 1267 | 1266 | 1265 | 1264 | 1263 | 1262 | 1261 | 1260 | 1259 | 1258 | 1257 | 1256 | 1255 | 1254 | 1253 | 1252 | 1251 | 1250 | 1249 | 1248 | 1247 | 1246 | 1245 | 1244 | 1243 | 1242 | 1241 | 1240 | 1239 | 1238 | 1237 | 1236 | 1235 | 1234 | 1233 | 1232 | 1231 | 1230 | 1229 | 1228 | 1227 | 1226 | 1225 | 1224 | 1223 | 1222 | 1221 | 1220 | 1219 | 1218 | 1217 | 1216 | 1215 | 1214 | 1213 | 1212 | 1211 | 1210 | 1209 | 1208 | 1207 | 1206 | 1205 | 1204 | 1203 | 1202 | 1201 | 1200 | 1199 | 1198 | 1197 | 1196 | 1195 | 1194 | 1193 | 1192 | 1191 | 1190 | 1189 | 1188 | 1187 | 1186 | 1185 | 1184 | 1183 | 1182 | 1181 | 1180 | 1179 | 1178 | 1177 | 1176 | 1175 | 1174 | 1173 | 1172 | 1171 | 1170 | 1169 | 1168 | 1167 | 1166 | 1165 | 1164 | 1163 | 1162 | 1161 | 1160 | 1159 | 1158 | 1157 | 1156 | 1155 | 1154 | 1153 | 1152 | 1151 | 1150 | 1149 | 1148 | 1147 | 1146 | 1145 | 1144 | 1143 | 1142 | 1141 | 1140 | 1139 | 1138 | 1137 | 1136 | 1135 | 1134 | 1133 | 1132 | 1131 | 1130 | 1129 | 1128 | 1127 | 1126 | 1125 | 1124 | 1123 | 1122 | 1121 | 1120 | 1119 | 1118 | 1117 | 1116 | 1115 | 1114 | 1113 | 1112 | 1111 | 1110 | 1109 | 1108 | 1107 | 1106 | 1105 | 1104 | 1103 | 1102 | 1101 | 1100 | 1099 | 1098 | 1097 | 1096 | 1095 | 1094 | 1093 | 1092 | 1091 | 1090 | 1089 | 1088 | 1087 | 1086 | 1085 | 1084 | 1083 | 1082 | 1081 | 1080 | 1079 | 1078 | 1077 | 1076 | 1075 | 1074 | 1073 | 1072 | 1071 | 1070 | 1069 | 1068 | 1067 | 1066 | 1065 | 1064 | 1063 | 1062 | 1061 | 1060 | 1059 | 1058 | 1057 | 1056 | 1055 | 1054 | 1053 | 1052 | 1051 | 1050 | 1049 | 1048 | 1047 | 1046 | 1045 | 1044 | 1043 | 1042 | 1041 | 1040 | 1039 | 1038 | 1037 | 1036 | 1035 | 1034 | 1033 | 1032 | 1031 | 1030 | 1029 | 1028 | 1027 | 1026 | 1025 | 1024 | 1023 | 1022 | 1021 | 1020 | 1019 | 1018 | 1017 | 1016 | 1015 | 1014 | 1013 | 1012 | 1011 | 1010 | 1009 | 1008 | 1007 | 1006 | 1005 | 1004 | 1003 | 1002 | 1001 | 1000 | 999 | 998 | 997 | 996 | 995 | 994 | 993 | 992 | 991 | 990 | 989 | 988 | 987 | 986 | 985 | 984 | 983 | 982 | 981 | 980 | 979 | 978 | 977 | 976 | 975 | 974 | 973 | 972 | 971 | 970 | 969 | 968 | 967 | 966 | 965 | 964 | 963 | 962 | 961 | 960 | 959 | 958 | 957 | 956 | 955 | 954 | 953 | 952 | 951 | 950 | 949 | 948 | 947 | 946 | 945 | 944 | 943 | 942 | 941 | 940 | 939 | 938 | 937 | 936 | 935 | 934 | 933 | 932 | 931 | 930 | 929 | 928 | 927 | 926 | 925 | 924 | 923 | 922 | 921 | 920 | 919 | 918 | 917 | 916 | 915 | 914 | 913 | 912 | 911 | 910 | 909 | 908 | 907 | 906 | 905 | 904 | 903 | 902 | 901 | 900 | 899 | 898 | 897 | 896 | 895 | 894 | 893 | 892 | 891 | 890 | 889 | 888 | 887 | 886 | 885 | 884 | 883 | 882 | 881 | 880 | 879 | 878 | 877 | 876 | 875 | 874 | 873 | 872 | 871 | 870 | 869 | 868 | 867 | 866 | 865 | 864 | 863 | 862 | 861 | 860 | 859 | 858 | 857 | 856 | 855 | 854 | 853 | 852 | 851 | 850 | 849 | 848 | 847 | 846 | 845 | 844 | 843 | 842 | 841 | 840 | 839 | 838 | 837 | 836 | 835 | 834 | 833 | 832 | 831 | 830 | 829 | 828 | 827 | 826 | 825 | 824 | 823 | 822 | 821 | 820 | 819 | 818 | 817 | 816 | 815 | 814 | 813 | 812 | 811 | 810 | 809 | 808 | 807 | 806 | 805 | 804 | 803 | 802 | 801 | 800 | 799 | 798 | 797 | 796 | 795 | 794 | 793 | 792 | 791 | 790 | 789 | 788 | 787 | 786 | 785 | 784 | 783 | 782 | 781 | 780 | 779 | 778 | 777 | 776 | 775 | 774 | 773 | 772 | 771 | 770 | 769 | 768 | 767 | 766 | 765 | 764 | 763 | 762 | 761 | 760 | 759 | 758 | 757 | 756 | 755 | 754 | 753 | 752 | 751 | 750 | 749 | 748 | 747 | 746 | 745 | 744 | 743 | 742 | 741 | 740 | 739 | 738 | 737 | 736 | 735 | 734 | 733 | 732 | 731 | 730 | 729 | 728 | 727 | 726 | 725 | 724 | 723 | 722 | 721 | 720 | 719 | 718 | 717 | 716 | 715 | 714 | 713 | 712 | 711 | 710 | 709 | 708 | 707 | 706 | 705 | 704 | 703 | 702 | 701 | 700 | 699 | 698 | 697 | 696 | 695 | 694 | 693 | 692 | 691 | 690 | 689 | 688 | 687 | 686 | 685 | 684 | 683 | 682 | 681 | 680 | 679 | 678 | 677 | 676 | 675 | 674 | 673 | 672 | 671 | 670 | 669 | 668 | 667 | 666 | 665 | 664 | 663 | 662 | 661 | 660 | 659 | 658 | 657 | 656 | 655 | 654 | 653 | 652 | 651 | 650 | 649 | 648 | 647 | 646 | 645 | 644 | 643 | 642 | 641 | 640 | 639 | 638 | 637 | 636 | 635 | 634 | 633 | 632 | 631 | 630 | 629 | 628 | 627 | 626 | 625 | 624 | 623 | 622 | 621 | 620 | 619 | 618 | 617 | 616 | 615 | 614 | 613 | 612 | 611 | 610 | 609 | 608 | 607 | 606 | 605 | 604 | 603 | 602 | 601 | 600 | 599 | 598 | 597 | 596 | 595 |
|-------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------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[illegible][illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

BERMUDA (SIB RECOGNISED)

[illegible]

| | | | | | | | | | |
|-------------------------------|----------|----------|---|--------|-------|------|-----------------------|---------|-------|
| OCM Global Sel Eq | \$167.97 | 100.86 | - | 741 Pm | 25.73 | +5.8 | Stag Mktng Cntry | 11.2821 | +5.83 |
| Horizon Fund Managers (C) Ltd | | | - | 741 Pm | 25.73 | +5.8 | Strategic Currency Fd | 11.0817 | +5.88 |
| Jacobsen OTC | \$2.1435 | \$2.9232 | - | 741 Pm | 25.73 | +5.8 | US Comm | 12.2976 | +5.21 |
| | | | - | 741 Pm | 25.73 | +5.8 | US Dollar Mktg Curr | 23.4953 | +5.84 |

[illegible]

| | | | |
|--|-------------|--------|---------|
| KR Int'l Acct. Acc. | \$18,963 | 10.20% | +0.0708 |
| Energizing Materials | \$17,444 | 17.58% | - |
| | | | 0.44 |
| <i>*Offer price includes all maximum preliminary charges</i> | | | |
| BT Fund Managers (Ireland) Ltd (n) | | | |
| STW US Dollar Oct 31 | \$10,027.13 | - | - |
| Cathal House Pond Mgrs (C) Ltd (00007H) | | | |
| Pt 1 Jan 1988 - 31 Dec 1987 | - | - | - |

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$$- \frac{1}{2} \frac{d}{dt} \left(\frac{1}{\sqrt{1 - v^2/c^2}} \right) = \frac{1}{2} \frac{d}{dt} \left(\frac{1}{\sqrt{1 - v^2/c^2}} \right)$$

هكذا من الامم

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MANAGED FUNDS NOTES

Prices are as of period ending 12/31/88 and are designated \$ with no prefix refer to U.S. dollars. Yield refers to all paying categories. Prices of certain funds since launch dates reflect the capital gains tax on the sale of appreciated assets. The following table is for informational purposes only. Single premium investments are designated as such. Underwrites for Collective Investment in Transferable Securities: A offered price includes all expenses except agent commission. B includes distribution fees. C includes sales commission. D includes distribution fees, sales commission and expenses to encourage business. E, yield column is annualized rates of NAV increase and are not constant.

* Funds not sold regularly. The regulatory authorities have indicated that the following funds may be sold irregularly. Central Bank of Ireland Ltd. of Irish, Irish Sovereign Commission, Jersey Financial Services Ltd.

31

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

TECHNOLOGY THAT WORKS FOR LIFE

Samsung Personal Call

Telephone Answering Machine
Automatic Paper Cutter
60 Locations Automatic Dial

SAMSUNG ELECTRONICS

Continued on next page

TECHNOLOGY THAT WORKS FOR LIFE

Samsung Personal Fax



Telephone Answering Machine
Automatic Paper Cutter
60 Locations Automatic Dial

SAMSUNG
ELECTRONICS

AMERICA

Limited gains in blue chips elevate Dow

Wall Street

With prices firming on the bond market, US stocks gained some ground yesterday morning, but the advance was mostly limited to a few blue-chip issues, writes Frank McCarty in New York.

By 1 pm, the Dow Jones Industrial Average was 6.70 ahead at 3,751.85, while the more broadly based Standard & Poor's 500 barely edged into positive territory with a 0.29 gain to 465.59. In the secondary markets, the American SE composite was 2.58 higher at 483.35, but the Nasdaq composite slipped 0.83 to 754.80.

Activity on the NYSE was moderate, with 145m shares traded by 1 pm. Declining issues led advances, 1,015 to 928.

The day's only fresh economic news was a rather stale morsel for equities. The Commerce Department said that it had revised its estimate of third-quarter GDP to a seasonally adjusted annual growth rate of 2.9 per cent, from an earlier figure of 2.7 per cent.

Rather than looking so far behind, investors are now more interested in looking ahead to the prospects of sustained growth and low inflation in the new year. Likewise, the US Treasury market ignored the GDP data. At midday, the long bond was trading modestly higher at 99 1/8, with the yield slipping to 6.291 per cent. A steady reading on inflationary trends was scheduled for today, when figures on November durable goods orders and personal income and consumption were due.

In the meantime, the choppy, directionless pattern which has emerged on Wall Street this week was in evidence again. A few of the Dow component stocks showed solid gains, but most were flat. Chevron was up 1 1/8 at \$37 1/8, General Motors 3/8 to \$55 1/8 and Philip Morris 3/8 to \$56 1/8.

EUROPE

Interest rate considerations take bourses higher

Although the corporate news, especially in Paris, was not inspiring, rate cut hopes extended this week's rally, writes Our Markets Staff.

PARIS climbed on renewed hope for interest rate cuts, prompted by the strength of the franc and following the Dutch and Danish interest rate cuts on Tuesday.

The CAC-40 index closed 9.93 higher at 2,255.79 in turnover of FF3.9bn. However, the out-standing moves of the day were on the downside.

The leisure business looked grim. Club Med fell FF14, or 4 per cent to FF331. After hours it said that a big loss in 1993-94 partly reflected local political conditions in Egypt, Senegal, Turkey and the former Yugoslavia, where 14 holiday villages had to be closed.

At Euro Disney, an auditors' report on 1992-93 said that it would need financial support to face its contractual obligations in 1994. Analysts said that there was nothing new in this but the shares fell another

FF1.40 to FF341.10.

Suez dropped FF2.20 to FF240 as the biggest block trade of the day, 1.12m shares, went through the market at a price of FF331.50.

MADRID, too, was lifted by interest rate talk of interest rate cuts in the near future, the general index rising in spite of late profit-taking to close 1.26 higher at 3,174.4, in strong turnover of Ptas32bn.

MLA confirmed higher savings shares rose L73 to L3,392 while the ordinary added L38 to L4,253. Shares in Sip, the domestic telephone operator, climbed L37 to L3,577.

Industrials found support in interest rate expectations. Fiat climbed L35 to L4,403 and Pirelli to L28 to L2,182. Olivetti, strong in recent days on speculation that the company would be awarded Italy's second cellular telephone licence, added another L10 to L2,130.

FRANKFURT climbed on strong trade figures and the state of Hesse confirmed the slowdown in West German

FT-SE Actuaries Share Indices

| | | THE EUROPEAN SERIES | | | | | | | | | |
|---------------|---------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | Dec 22 | Dec 21 | Dec 20 | Dec 19 | Dec 18 | Dec 17 | Dec 16 | Dec 15 | Dec 14 | Dec 13 |
| Daily changes | | Open | High | Low | Close | Open | High | Low | Close | Open | High |
| FT-SE 100 | 1443.45 | 1446.71 | 1446.71 | 1446.71 | 1446.71 | 1446.71 | 1446.71 | 1446.71 | 1446.71 | 1446.71 | 1446.71 |
| FT-SE 250 | 1511.29 | 1512.50 | 1512.50 | 1512.50 | 1512.50 | 1512.50 | 1512.50 | 1512.50 | 1512.50 | 1512.50 | 1512.50 |

inflation. The DAX index hit a new closing high of 2,197.51, up 12.58, then broke up through 2,200 to end the post-bourse at 2,209.17.

Turnover fell from DM10.2bn to DM9.2bn. A large buy order in London took Siemens up DM14 to DM770.50, and another DM5 to DM775.50 in the post-bourse. Allianz fell another DM15 to DM2,920, reflecting the big line in the insurer's stock which came out late last Friday.

German institutions continued to buy defensive stocks. In utilities, RWE rose DM9 to DM504, Veba DM9.50 to DM515 and Viag DM10.20 to DM545.

In steel, Preussag and Thyssen rose DM6 to DM424 and DM3 to DM263.50, benefiting from the positive trade data, while Mannesmann's telecom prospects saw the latter up another DM7.50 to DM419.80.

Lufthansa continued to be depressed by worries over the implementation of the US-German air traffic treaty signed earlier in the year. The airline lost DM3.50 to DM168.

ZURICH established its fourth consecutive record close, the SMI index adding 24.4 to 2,942.4, with the continuing strength of the franc attracting foreign funds hoping for exchange rate gains on further currency appreciation.

Derivative instruments supported some shares. UBS, SFR18 higher at SFR1,384, issued warrants on its own shares, while Bankers' Trust set warrants on Ciba-Geigy, whose bearers added SFR6 to SFR39.

However, the strong franc also depressed some export-oriented shares. Brown Boveri

shed SFR7 to SFR1,048.

AMSTERDAM saw brisk foreign demand which took the CDS Tendency index 0.9 higher at 146.7.

Publishers were again at the centre of attention. Elsevier gained Fl.410 to Fl.177.60 and Wolters Kluwer Fl.3.20 to Fl.122.20, although VNU fell Fl.150 to Fl.163.10.

COPENHAGEN staged a solid comeback, casting aside days in the doldrums after the central bank's latest deposit and discount rate cuts to 6.25 per cent which took effect from the opening of trade.

The KFX index added 2.28 or 1.65 per cent to 102.76, in sizeable turnover of SKr692m.

OSLO added 1.1 per cent, supported by falling interest rates. The all-share index climbed 6.08 to 586.75 in turnover of Nkr774m after three-month money market interest rates fell to 5.42 per cent from 5.54 per cent.

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Overseas buying spurs Taiwan 4.4 per cent ahead

Tokyo

Firm share prices in the electronics sector, led by Oki Electric, brought the Nikkei average up a little ahead of today's national holiday, writes Emilio Terzano in Tokyo.

The Nikkei fluctuated within a narrow range before closing 130.31 better at 17,445.74, after a day's low of 17,296.33 and high of 17,453.15. The Topix index of all first section stocks rose 4.64 to 1,450.37, and in London the ISE/Nikkei 50 index edged up 0.57 to 1,184.95.

Sentiment also improved on afternoon reports that Mr Morihiro Hosokawa, the prime minister, may unveil an economic stimulus package along with his speech on political reform tomorrow.

However, many investors remained on the sidelines as uncertainty over the political situation prevailed, and technical trading on the futures market dominated the day. Volume

was 280m shares, against 220m.

Rises outpaced falls by 587 to 395, with 179 issues unchanged. The design of the government's package to stimulate the country's financial markets, announced on Tuesday, had little effect on share prices. Along with deregulation measures, the Ministry of Finance will allow the resumption of rights issues, which have been suspended since March 1990.

Although the government hopes that an increase in blue chip issues will attract investors back into the market, traders said the stock market had enough supply already.

Oki Electric, the most active issue of the day, rose Y38 to Y1010. Reports that the company may post a pre-tax profit for the current business year to March, instead of a pre-tax loss, encouraged investors.

The yen's fall against the dollar supported some export-oriented high-technology stocks. The Japanese currency

closed at a seven-month low of ¥111.30 yesterday to the dollar.

TDK moved ahead ¥40 to ¥3,800 and Victor ¥10 to ¥800. Automobile issues were also strong, with Suzuki Motor up ¥50 to ¥1,090 and Honda Motor gaining ¥20 to ¥1,500.

But some stocks lost steam. Matsushita Electric Industrial closed unchanged at ¥1,490 and NEC lost ¥3 to ¥787.

Hanwa, the steel trader, fell ¥20 to ¥630. The company, known for the large losses on financial investments it made during the late 1980s, has been facing selling due to worries over financial difficulties. Moody's Investors Service yesterday lowered its credit rating for the company from BA2 to B1.

In Osaka, the OSE average improved 8.73 to 19,221.65 in volume of 129.3m shares.

Roundup

The region produced another selection of new highs yesterday.

with major new issue debuts, so far, failing to make much of a dent in demand.

TAIWAN soared 4.4 per cent to a 29-month high in hectic trade, the weighted index closing 258.88 stronger at 5,474.75 as turnover nearly doubled from T\$55.24bn to T\$103.92bn.

Financials led the gains, surging 6.6 per cent as signs of foreign buying were used as an excuse to act on bullish domestic sentiment and loose liquidity. Insurance stocks, including Cathay, Fubon and Shinkong, were all the day's limit up.

KUALA LUMPUR saw further speculative buying and renewed institutional interest, the KLSE composite index ending 24.77 higher at a new closing peak of 1,131.38.

Volume swelled to 776m shares from 497.3m and the big winners, again, were rubber and tin stocks driven by take-over rumours.

BANGKOK hit its new high on heavy buying of finance and brokerage houses in the after-

noon, and on active trade of the new Telecom Asia listing.

The SET index climbed 15.2 points to 1,523.75 in active trading of B\$24.75bn, with TA, the most active stock on B\$4.33bn turnover, finishing at B\$116 against an initial offer price of B\$55.

HONG KONG talked of bargain hunting, although the 183.68, or 1.75 per cent, gain in the Hang Seng index left it just over 100 points short of Monday's record high - itself 98 per cent higher than the January 4 low for the year.

Turnover was HK\$3.66bn against an adjusted HK\$3.09bn on Tuesday. The real estate sector, weak on Tuesday, led the gains with Sun Hung Kai Properties putting on HK\$4 at HK\$61.50.

NEW ZEALAND strengthened after a weak start to close 1.2 per cent ahead, the NZSE-40 index rising 24.81 to 3,071.78 in turnover of NZ\$46 million. Telecom rebounded from selling earlier in the week, ending

NZ\$10 higher at NZ\$395.

AUSTRALIA fell as another fall in News Corp triggered profit-taking in most sectors. The All Ordinaries index finished 13.6 lower at 2,053.3 in turnover of A\$830m.

News Corporation, which dropped 33 cents on Tuesday, fell another 38 cents, or nearly 4 per cent to A\$9.32. Investors worried about the US\$1.5bn the company paid to broadcast the next four seasons of National Football Conference games in the US.

KARACHI closed lower on profit-taking by jobbers and institutional investors after the steep rises of the past few days, the KSE 100 index falling 14.38 to 2,062.68.

BOMBAY, pensive after the parliamentary report on last year's Rs40bn stock scandal, stayed closed for the seventh successive session due to a brokers' boycott after a ban on forward trading. There was some hope that this issue could be resolved today.

Manila finishes year with flourish

By Michael Morgan

The Philippine equity market, a laggard in recent years, is finishing 1993 with a flourish. The Manila composite index, higher again yesterday, has risen by a cumulative 8.5 per cent this week, for an advance of 24.2 per cent since the start of December and 128.7 per cent since the year began.

The surge has been fuelled by consistently strong foreign demand, projecting a take-off in the economy and corporate profits after two years of zero GDP growth.

Mr David Bates of Asia Equity sees growth of 2 1/2 per cent this year, not less than 4 1/2 per cent in 1994, and more in subsequent years as the World Bank eases its influence on the economy.

The pick-up has accompanied government moves to overcome long standing electricity shortages: a series of new power stations will supplement existing hydro-electric generation and overcome seasonal shortages.

Five stocks account for 90 per cent of the net capitalisation, with PLDT and San Miguel having the highest profiles with overseas investors.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

| Market | No. of Stocks | Dollar terms | | | Local currency terms | | |
|---------------|---------------|--------------|--------------------|------------------|----------------------|--------------------|------------------|
| | | Dec 17 1993 | % Change over week | % Change Dec '92 | Dec 17 1993 | % Change over week | % Change Dec '92 |
| Latin America | (11) | 876.04 | -0.2 | +51.0 | 357,558.85 | -0.2 | +51.3 |
| Argentina | (42) | 218.51 | -0.2 | +74.8 | 83,744,768.04 | +7.0 | +3915.7 |
| Brazil | (20) | 514.85 | +0.1 | +31.7 | 108,735.05 | +0.5 | +37.0 |
| Colombia | (8) | 229.33 | +1.7 | +48.0 | 891.05 | +1.6 | +5.7 |
| Mexico | (56) | 950.43 | +2.1 | +40.6 | 1,273.06 | +1.7 | +40.2 |
| Peru | (7) | 103.35 | +5.4 | +3.3 | 136.85 | +5.0 | +36.8 |
| Venezuela | (8) | 542.41 | +3.3 | +4.4 | 1,286.19 | +4.0 | +37.8 |
| East Asia | (18) | 148.59 | +1.6 | +46.6 | 161.16 | +1.6 | +81.2 |
| China | (130) | 118.31 | +1.1 | +20.5 | 126.03 | +1.3 | +23.9 |
| South Korea | (11) | 272.13 | +3.8 | +103.8 | 380.86 | +4.3 | +123.2 |
| Philippines | (76) | 114.37 | +17.1 | +55.0 | 112.93 | +15.8 | +61.8 |
| Taiwan, China | (51) | 120.25 | +2.0 | +28.3 | 132.98 | +2.0 | +39.3 |
| India | (31) | 118.86 | +8.7 | +9.1 | 133.46 | +8.8 | +102.9 |
| Indonesia | (61) | 316.32 | +4.7 | +93.4 | 297.67 | +4.6 | +86.6 |
| Malaysia | (8) | 387.39 | +2.8 | +83.5 | 499.86 | +2.9 | +115.6 |
| Pakistan | (6) | 168.61 | +2.2 | +88.6 | 161.35 | +2.2 | +81.3 |
| Sri Lanka | (52) | 433.44 | +0.8 | +88.1 | 437.14 | +0.7 | +87.5 |
| Thailand | (17) | 230.34 | -1.2 | +17.9 | 381.88 | -0.2 | +34.1 |
| Greece | (16) | 165.97 | -0.1 | +42.1 | 239.69 | -0.3 | +44.5 |
| Portugal | (16) | 112.19 | -0.3 | +45.4 | 134.42 | +0.4 | +72.4 |
| Turkey | (21) | 182.37 | +7.1 | +188.2 | 1,228.28 | +8.9 | +576.2 |
| Zimbabwe | (5) | 188.66 | +2.5 | n.a. | 197.45 | +3.0 | n.a. |

Indices are calculated at end-of-day, and weekly changes are percentage movements from the previous Friday. Base date: Dec 1980-100 except those noted which are: (1981 = 100); (1982 = 100); (1983 = 100); (1984 = 100); (1985 = 100); (1986 = 100); (1987 = 100); (1988 = 100); (1989 = 100); (1990 = 100); (1991 = 100); (1992 = 100); (1993 = 100).

PLDT, traded overnight as an ADR in New York, regularly provides a clue to the local market's subsequent direction. Asia Equity sees deregulation as the key to the imminent exploitation of a vast potential for expansion of

the local telecom market, and a resulting surge in PLDT's performance.

It forecasts earnings per share of 517 pesos fully diluted for the year 2000, adding that a 20 times multiple that year, still low for the sector, would

give a share price of 10,340 pesos - more than five times the current value. "Discounted back to today, this gives a current share price valuation of P225 pesos - more than twice the current price and 43 times 1994's earnings."

FT-Actuaries World Indices

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| FIGURES IN PARENTHESES SHOW NUMBER OF LINES OF STOCK | | | | | | | | | | | | | | | | |
|--|-----------------|--------------------------|-------------|-----------|----------|----------------------|------------------|-------------------------|-------------|-----------|----------|----------------------|-----------|----------|----------|--------|
| NATIONAL AND REGIONAL MARKETS | | TUESDAY DECEMBER 21 1993 | | | | | | MONDAY DECEMBER 20 1993 | | | | DOLLAR INDEX | | | | |
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change | Round Index | Yen Index | DM Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Round Index | Yen Index | DM Index | Local Currency Index | 1993 High | 1993 Low | Year Ago | |
| Australia (187) | 159.46 | -0.2 | 157.77 | 111.23 | 140.71 | 154.82 | -0.5 | 3.32 | 156.82 | 156.51 | 110.98 | 141.49 | 155.95 | 162.83 | 117.18 | 124.00 |
| Austria (17) | 179.30 | +0.4 | 178.52 | 128.86 | 159.21 | 158.87 | -0.1 | 1.00 | 178.54 | 178.19 | 124.76 | 159.05 | 158.96 | 184.47 | 131.26 | 137.00 |
| Belgium (42) | 161.58 | +0.7 | 160.88 | 113.41 | 143.48 | 141.26 | -0.4 | 4.07 | 160.48 | 160.17 | 112.14 | 143.96 | 140.89 | 161.51 | 131.16 | 137.00 |
| Canada (107) | 131.26 | +0.7 | 130.70 | 82.14 | 116.65 | 127.70 | -0.2 | 2.65 | 131.73 | 131.47 | 82.14 | 117.16 | 117.16 | 131.17 | 111.15 | 115.00 |
| Denmark (32) | 227.63 | +1.5 | 238.61 | 166.81 | 211.01 | 215.82 | +1.1 | 1.05 | 234.08 | 232.62 | 166.81 | 215.55 | 213.54 | 241.61 | 151.11 | 151.00 |
| Finland (23) | 132.22 | +1.9 | 121.99 | 85.79 | 108.53 | 147.16 | +0.9 | 0.71 | 119.89 | 119.65 | 83.76 | 108.40 | 145.78 | 128.95 | 145.70 | 145.00 |
| France (278) | 174.17 | +0.8 | 173.42 | 122.25 | 151.64 | 156.80 | -0.2 | 2.23 | 173.62 | 173.28 | 121.32 | 164.85 | 165.05 | 174.17 | 165.72 | 147.00 |
| Germany (50) | 137.37 | +0.5 | 137.37 | 96.86 | 122.51 | 122.51 | -0.2 | 1.69 | 137.32 | 137.05 | 96.86 | 122.51 | 122.51 | 137.37 | 137.37 | 137.00 |
| Hong Kong (53) | 432.20 | -0.6 | 430.34 | 301.38 | 383.80 | 428.85 | -2.7 | 2.55 | 443.98 | 443.09 | 310.24 | 395.51 | 440.34 | 443.98 | 218.88 | 212.00 |
| Ireland (14) | 184.20 | +0.2 | 183.41 | 123.30 | 163.97 | 162.27 | -0.3 | 3.11 | 183.38 | 183.15 | 123.30 | 164.75 | 164.74 | 194.20 | 176.28 | 192.00 |
| Italy (69) | 109.11 | +1.3 | 109.21 | 99.21 | 82.25 | 87.26 | +0.8 | 1.88 | 109.06 | 108.82 | 99.21 | 82.25 | 87.26 | 109.11 | 108.82 | 108.00 |
| Japan (469) | 131.25 | -0.5 | 130.68 | 92.13 | 116.58 | 92.13 | +0.0 | 0.89 | 131.60 | 131.64 | 92.17 | 117.51 | 92.17 | 135.76 | 107.75 | 108.00 |
| Madagascar (89) | 337.91 | -0.2 | 335.60 | 377.58 | 477.85 | 526.68 | -0.1 | 1.37 | 336.74 | 335.68 | 377.46 | 479.92 | 529.35 | 559.21 | 251.66 | 266.00 |
| Malawi (19) | 259.45 | +1.3 | 257.60 | 166.71 | 201.22 | 277.29 | +1.5 | 0.63 | 257.97 | 257.55 | 166.71 | 201.50 | 276.84 | 277.45 | 143.03 | 162.00 |
| Netherlands (23) | 137.29 | -0.1 | 137.14 | 138.98 | 175.82 | 172.74 | -0.5 | 3.07 | 137.68 | 137.64 | 138.98 | 175.82 | 175.82 | 137.29 | 137.29 | 137.00 |
| New Zealand (14) | 62.68 | -1.7 | 62.61 | 44.14 | 55.63 | 59.47 | -1.7 | 3.94 | 62.95 | 62.85 | 44.14 | 57.01 | 58.48 | 60.38 | 40.56 | 42.00 |
| Norway (23) | 172.48 | +0.7 | 171.74 | 121.05 | 153.16 | 173.36 | -0.2 | 1.47 | 171.38 | 171.03 | 119.75 | 152.56 | 172.76 | 185.10 | 137.01 | 143.00 |
| Sweden (38) | 349.58 | +1.0 | 346.08 | 245.40 | 310.42 | 258.63 | -1.0 | 1.31 | 346.02 | 345.84 | 241.80 | 308.24 | 257.45 | 349.58 | 230.74 | 210.00 |
| South Africa (60) | 242.10 | -1.2 | 241.05 | 169.04 | 214.97 | 235.87 | -1.1 | 2.36 | 245.09 | 244.81 | 169.04 | 215.05 | 235.87 | 242.10 | 169.04 | 169.00 |
| Spain (42) | 140.98 | +1.3 | 140.08 | 98.70 | 124.92 | 148.00 | -0.6 | 4.01 | 138.85 | 138.56 | 97.01 | 123.65 | 147.76 | 145.25 | 115.23 | 127.00 |
| Switzerland (46) | 190.82 | +0.7 | 190.05 | 134.00 | 169.51 | 226.24 | +0.1 | 1.48 | 189.63 | 189.25 | 132.51 | 165.85 | 230.68 | 206.82 | 149.70 | 167.00 |
| United Kingdom (159) | 161.39 | +1.3 | 160.63 | 113.29 | 143.33 | 145.18 | -0.5 | 1.49 | 161.28 | 161.01 | 113.29 | 143.33 | 145.18 | 161.39 | 158.51 | 158.00 |
| USA (51) | 201.73 | -0.3 | 200.85 | 149.19 | 172.10 | 200.85 | -0.6 | 3.57 | 202.37 | 201.96 | 149.14 | 180.27 | 201.96 | 195.15 | 178.51 | 178.00 |
| USA (51) | 133.52 | -0.1 | 133.70 | 73.04 | 168.30 | 168.30 | -0.2 | 2.75 | 136.79 | 136.33 | 73.04 | 168.30 | 168.30 | 133.52 | 133.52 | 133.00 |
| Australia (187) | 167.82 | +0.3 | 167.10 | 117.80 | 147.03 | 181.24 | -0.1 | 2.81 | 167.38 | 167.02 | 117.80 | 149.08 | 181.48 | 167.82 | 133.92 | 137.00 |
| Canada (107) | 184.01 | +1.0 | 183.22 | 120.19 | 167.40 | 195.18 | -0.4 | 1.27 | 182.12 | 181.78 | 127.58 | 162.26 | 194.34 | 184.01 | 142.13 | 151.00 |
| France (278) | 161.63 | -0.1 | 160.85 | 103.92 | 127.54 | 150.10 | -0.3 | 1.17 | 164.52 | 164.24 | 103.92 | 126.75 | 150.37 | 168.98 | 105.58 | 113.00 |
| Germany (50) | 155.09 | -0.2 | 155.39 | 93.13 | 125.33 | 146.11 | -0.2 | 1.54 | 155.49 | 155.23 | 93.13 | 125.33 | 146.11 | 155.09 | 135.13 | 135.00 |
| Netherlands (23) | 159.07 | -0.1 | 159.30 | 130.10 | 195.09 | 185.28 | -0.1 | 2.74 | 159.09 | 158.72 | 130.08 | 195.05 | 185.47 | 168.78 | 151.73 | 173.00 |
| Spain (42) | 148.48 | +0.7 | 148.54 | 102.84 | 130.10 | 136.12 | -0.2 | 2.31 | 145.94 | 145.21 | 101.89 | 125.64 | 137.90 | 148.48 | 112.71 | 118.00 |
| Switzerland (46) | 261.69 | -1.2 | 260.92 | 168.73 | 225.41 | 240.76 | -1.3 | 2.43 | 264.92 | 264.40 | 168.16 | 238.03 | 243.98 | 264.92 | 212.70 | 152.00 |
| United Kingdom (159) | 161.39 | +1.3 | 160.63 | 113.29 | 143.33 | 145.18 | -0.5 | 1.49 | 161.28 | 161.01 | 113.29 | 143.33 | 145.18 | 161.39 | 158.51 | 158.00 |
| USA (51) | 162.31 | -0.2 | 161.61 | 113.94 | 144.14 | 142.83 | -0.1 | 2.23 | 165.55 | 165.23 | 113.90 | 143.88 | 142.83 | 162.31 | 137.29 | 137.00 |
| World Ex. So. Af (2105) | 165.30 | -0.2 | 165.16 | 116.94 | 146.79 | 171.01 | -0.1 | 2.23 | 165.55 | 165.23 | 113.90 | 143.88 | 142.83 | 165.30 | 137.29 | 137.00 |
| World Ex. Japan (1898) | 165.40 | -0.1 | 164.92 | 116.20 | 164.68 | 181.33 | -0.2 | 2.71 | 165.49 | 165.18 | 116.20 | 164.68 | 181.33 | 165.40 | 137.29 | 137.00 |
| The World Index (1565) | 165.74 | -0.1 | 164.92 | 116.26 | 147.18 | 187.40 | -0.2 | 2.23 | 165.60 | 165.19 | 116.02 | 147.09 | 148.06 | 170.48 | 167.48 | 142.00 |